



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Quarterly Report – Year Three Quarter Two**

**January 1, 2010 – March 31, 2010**

**Contract no.:** EDH-I-00-05-00004-00/09  
**USAID Agribusiness Project**

**RFTOP No.:** 169-07-016 under the RAISE Plus IQC

**Contractor:** Development Alternatives, Inc.

**Report Author:** Louis Faoro, Chief of Party

**Project COTR:** Djordje Boljanovic

**USAID Office:** USAID Belgrade, Serbia

Belgrade, Serbia  
April 2010

# USAID Serbia Agribusiness Project

## Quarterly Report – Year Three Quarter Two

January 1, 2010 – March 31, 2010

### TABLE OF CONTENTS

<b>REPORT SECTION</b>	<b>PAGE NO</b>
<b>I. Introduction &amp; Summary .....</b>	<b>1</b>
<b>II. Activities Planned &amp; Implemented During the Period.....</b>	<b>2</b>
Component 1: Increased Efficiency & Competitiveness of Agribusiness	
Component 2: Improved Enabling Environment for Agribusiness	
Component 3: Program Management & Administration	
<b>III. Significant Problems Encountered During the Period.....</b>	<b>8</b>
<b>IV. Actions Taken to Resolve Problems Encountered .....</b>	<b>9</b>
<b>V. Important Observations Regarding Implementation .....</b>	<b>9</b>
<b>VI. Results Achieved Relative to Annual Workplan Targets.....</b>	<b>10</b>
<b>VII. Activities Planned for the Coming Period.....</b>	<b>10</b>
<b>Report Annexes: (These annexes are included in a separate document)</b>	
Annex 1. Project Funding Accruals	
Annex 2. Subsector Activity Reports	
Annex 3. Cross Cutting Activity Reports	
Annex 4. Enabling Environment Report	
Annex 5. Agribusiness Grant Program Report	
Annex 6. Project Communications Report	
Annex 7. Project Administration & Personnel	
Annex 8. Project Results & Impact Report	
Annex 9. Project Weekly Reports	

## **I. INTRODUCTION & SUMMARY:**

Development Alternatives, Inc. (DAI) in association with its partner firms, Booz Allen Hamilton (BAH), International Relief & Development (IRD), Michigan State University (MSU), the Training Resources Group (TRG), and the QED Group, is pleased to present this quarterly report for the period January 1st to March 31st 2010 for the USAID Serbia Agribusiness Project. This report reviews activities included in the Project's Year Three Workplan, and follows the outline for quarterly reports as contained in the Task Order (section A.8.2). The report also includes a number of separate Annexes, which are used to provide detailed information on Project activities.

The quarter was characterized by the full-scale and project-wide implementation of the Year Three Workplan which is building the foundation for a program transition. One of the Project's goals for this year was to achieve a high level of impact against the major deliverables of sales, and jobs created. In addition, the transition period was to lead towards the institutionalization of Project services, so that they become generally available within, and through, the private sector. Project management and staff are pleased that both goals were substantially advanced during the quarter.

A significant related, but new, initiative began in the quarter as well. That is the consideration of program directions beyond Year Three. Internal management discussions around this subject have led to some general conclusions regarding Project directions in Year Four and beyond. The Project now has an emerging vision of the parameters for the Year Four Workplan, with the focus to be on establishing directions for Project's legacy, and solidifying it in Year Five. To move so fluidly into discussion and considerations of "out year" strategies was a surprisingly early development, given the fact that the Project is still only at the mid-point of Year Three.

The Project continues to provide leadership and guidance within the agribusiness sector of Serbia. An example of this is the plans for a study on the implications of trade liberalization, and EU accession, on Serbian agriculture and agribusiness. The Project also organized a national conference on the issue of Food Safety (see image at right) which brought together government and industry officials to discuss the impact of these new regulations on the sector.



The Project has also demonstrated further leadership this past quarter in the areas of livestock, youth, and gender. By disciplined data gathering, and analysis, the Project has demonstrated the cost-effective utility of our livestock training programs. In the coming quarter the training and technical assistance approaches developed by the Project will be offered in selected municipalities, implemented through private sector service providers. The Project's youth and gender programs and efforts were also significantly advanced during the quarter. Through focused grants the Project has expanded business development work with young entrepreneurs, and broadened the reach to universities, a weak area in the past. A grant program is also under development that will expand the Project's impact on women agribusiness entrepreneurs, and it will provide the Project with direct working relationships with a number of new women-oriented associations.

Additionally, the Project has led the process of establishing a meaningful Safe Pesticide Use (SPU) training program. Plans to launch a national program seemed to be languishing with ministry managers and technicians. The Project requested a meeting with responsible ministry officials to stimulate renewed action for this huge challenge. This meeting resulted in a rekindled commitment on the part of the ministry to address the organizational problems and to provide GoS resources to support the program. The Project and the ministry are now implementing a cooperative effort to launch a national level training program through grants to selected service providers.

Evolving marketing and sales strategies also marked the quarter, particularly related to Project support for international fairs & trade shows. The Project has developed new approaches and relationships with SIEPA and the ministry; the Project's financial involvement in these activities will decrease over years four and five; an emphasis will be placed on using private service providers; and the Project will expand activities in regional markets. Related to this, the Project anticipates more new marketing directions will emerge following the launch of the ambitious new Belgrade food fair, which is a result of our catalytic work with numerous partners.

## **II. ACTIVITIES PLANNED & IMPLEMENTED DURING THE PERIOD:**

During the second quarter of Year Three, the Project continued to implement a variety of activities and events included in the Workplan, and activities added in response changed circumstances. While most of the activities were based on the Workplan, the additional items, such as increased emphasis on the south of Serbia, the national SPU training program, and the development of an international food show in Belgrade, were based on newly identified opportunities.

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **1.0 Commodity Action Plan Activities:**

##### **1.0.1 Berry Fruits:**

During the second quarter the Agribusiness Project continued to support the berry fruit industry in two main directions: establishment of a fresh berries sub-industry, and improving competitiveness of value-added processed berries, both of which are aimed at increasing the value of berry product sales and exports, and the creation of new employment. As in the previous quarter, the main focus was on activities that increase the knowledge of new technologies, improve access to markets, and strengthen producer organizations. Exhibition of berry-fruit at the BioFach and FruitLogistica trade fairs, preparations for upcoming STTAs in High Tunnel berry fruit production and the development of cranberry production, negotiations for the application of Ozone generators in Serbia, and preparatory activities for the Study Tour to Spain are highlights for the berry fruit sector during the past quarter. In addition to these activities, the Sector Lead organized a range of cross-cutting and sector-specific technical assistance and grant programs, such as support to the national association Serbian Blueberries, and grants for international standards, and marketing & packaging. As result of the range of activities implemented in the berry sector, Project clients surveyed at the end of the quarter reported nearly \$1.5M of new sales and/or exports.

##### **1.0.2 Dairy Products:**

Over the course of the past quarter, the Agribusiness Project implemented and/or coordinated a wide range of Dairy Sector specific, and cross cutting, activities and events included in the Year Three Workplan. These activities are designed to support the Project objective of increasing the efficiency and competitiveness of Serbian dairy agribusinesses. One of the main activities was the cooperative projects launched with the municipalities of Pirot and Svrljig, to develop protection of geographic designation (PGD) status for the Pirot Kackavalj, and Svrljig Kriska cheeses. The Sector Lead, in collaboration with Taurus Consulting, organized Dairy Campaign awareness seminars in a number of locations around Serbia to inform local governments and related stakeholders on the impact the Project had with the dairy campaign. These seminars have been very well received and will most likely lead to collaborative dairy promotion programs at the municipal level, which will bring together the Project, private dairy firms, and the representatives of the Ministry of Agriculture at the municipal level. The Dairy Sector Lead has also provided support to a Serbian consultant who has been hired to collect data for the preparation of a feasibility study on the use of American technology for a bio-gas digester at a dairy farm in Blace.

##### **1.0.3 Livestock:**

The Project's Value Chain Assessment identified the opportunity to increase beef production, and as a result, increase exports to the EU under Serbia's quota and bring down the price of beef in the

domestic market. The main challenges in the beef sector are the structure of the supply of meat into slaughterhouses, starting with animal fattening. During the last quarter the Project awarded a grant to “Agrar Kontakt” for technical training programs to be conducted in five regions throughout Serbia. The programs are focused on: improving the efficiency of animal fattening – slaughtering - processing activities; improving farmer financial capacity through better management practices and understanding ways to reduce expenses; upgrading facilities where the animals are kept to improve animal health; and strengthening ties between fattening operations and slaughtering - processing firms. Three programs were been successfully implemented this past quarter with attendance being much higher than projected, namely: Nis (113), Krusevac (62), and Kraljevo (157).

#### **1.0.4 Herbs & Mushrooms:**

As planned for the Herb & Mushroom sector the Project has placed a greater emphasis on the herb sector with a focus on exports, national association development, and the addition of value-added products to support the export focus. One of the main achievements for the quarter was support for the 7<sup>th</sup> Tea Festival in Nis (see photo at right of Mission Director Michael Harvey accepting an award at the festival). The festival had a record number of visitors and exhibitors this year, with 22 exhibitors, and two herb associations, representing Serbia, Macedonia, Slovenia, and Bosnia & Herzegovina. During the four days of the festival, exhibitors contracted for sales of \$100,000, and the more than 6,000 festival visitors bought \$30,000 of product at the fair. In addition, the new National Association of Herbs Processors & Exporters “Serbian Flora” is now officially registered. Significant progress has been made toward strengthening the association, and expanding the membership, with Project support. Based on past positive experience and lessons learned, the wild mushroom companies have expressed an interest in establishing a similar national association of processors and exporters. The Agribusiness Project will support their efforts to establish an association. Herb & Mushroom client companies were able to contract for \$1,180,000 of new sales, and deliver \$490,000 worth of products during the quarter.



#### **1.0.5 Tree Fruits:**

Professor Chris Watkins from Cornell came to Serbia this quarter on an assignment to assist apple cooperatives in the areas of production, postharvest handling, and storage using controlled atmospheric (ULO) facilities. Dr. Watkins worked with five cooperatives during his assignment and provided assistance to help them improve their operations and to reduce their production and storage costs. The Fruits of Serbia Association, with Project support, sent seven member companies to the FruitLogistica trade fair in Berlin this quarter. These companies contracted for a total of \$6.1M in new sales from participation at the fair. The product deliveries for these contracts are expected to take place between June and September (fresh plums), and after October (apples). To assist with the introduction of new technology in the Serbian market the Sector Lead, and the PO Specialist, organized a visit for a representative from the American company AgroFresh, which is the producer and distributor of the Smart Fresh product used for postharvest treatment of fresh fruit. In cooperation with Fruits of Serbia, the Project has provided AgroFresh with data on the apple industry in Serbia and organized meetings with three cold stores (project beneficiaries) involved in tree fruit production, purchase, storage and marketing. As a result of these visits AgroFresh has decided to begin the process of launching the SmartFresh product on the Serbian Market as a new technology that will improve of quality of fresh apples under CA storage conditions.

### 1.0.6 Vegetables:

The first quarter of Year Three was marked by preparatory work for the coming production season and contracting for sales for the domestic market. Instead of shortening their payment delays to suppliers, buyers (primarily supermarkets) have again extended these deadlines, further complicating an already difficult situation for producers. Due to outstanding receivables from prior periods, the land area that will be cultivated this year will decrease, and decisions regarding which crops to grow will be based on estimates and assumptions, instead of on concrete contracts for specific crops and quantities. The situation with the export of vegetables to the Russian market has improved (following a 40% cut in the previous period). The shorter payment deadlines, which facilitate the normal functioning of the market, represent the main reasons producers are pursuing foreign markets, even when prices are lower from those on the domestic market. To support this effort, the Project hired Mr. Andriy Yarmak, a Ukrainian with extensive experience in the Russian market, to complete an analysis of the markets in Russia, Ukraine and Belarus, and to offer recommendations to Serbian firms wishing to penetrate these markets. Client firms in the vegetable sector are also finalizing their activities related to the marketing and packaging grant program, and one company – Biotrend – has already had significant results from their new packaging. The image at the right shows their new packaging, which greatly facilitated sales at recent international fairs.



### 1.1 Strengthen Producer Organizations:

During the quarter, the Project's main focus for Producer Organizations continued to be assisting client agribusiness associations at the sector, and/or national, level to form and develop their organizations. The Project provided assistance to new national associations for blueberry growers and for medicinal herb processors, to help them define the organizational structure, and to prepare statutes, by-laws, and other documents which led to their formal, legal registration. In addition, the Project helped the national association of organic producers - Serbia Organica - to restructure their organization, renew the association's goals and activities, and to re-register based on the new Law on Associations. The association "Serbia Organica" can now accept for-profit business entities (companies and cooperatives) as members, in addition to natural persons, which will give it increased credibility as the representative of the organic industry in Serbia. In order to encourage associations to take a more proactive role in the organization of sector activities, and provide direct support to their members, the Project has designed a grant program for associations that will address the needs of these organizations. The RFA for this program will be announced in April 2010.

The Project continued to work with the Ministry of Agriculture on preparations for the business training program aimed at managers of the more successful agricultural cooperatives in Serbia. The public call to any and all agricultural cooperatives to apply has been concluded, and a total of 47 applications were received. The commission of representatives from the Ministry of Agriculture and the Project has selected 28 cooperatives, from 14 Serbian districts, that meet the full criteria for participation in the training program. Most of the cooperatives that have been selected for participation are commodity based, are active in the Project's target sub-sectors, and are new Project clients. This extensive cooperative training program will get underway in the third quarter.

### 1.2 Improve ABDS Service Delivery:

The Project continued to promote, and cooperate with, Lagermax on the development of their consolidation services. Lagermax reported they have successfully transported goods to the EU, Russia, and regional countries with more than 30 trucks, in both consolidated and single company shipments, being used to ship the goods. Lagermax reported \$150,000 in income from these new

services. As a continuation of assistance on new technology access, and establishing relations with foreign partners, the Project organized visits to potential customers in Serbia for BioFresh from the UK. As a follow up to presentations of ozone generators during the last quarter, a trial application and testing of the technology was agreed with three clients, while the potential purchase of ozone generators and Smart Pallets will be negotiated with two companies during the next quarter.

The Project engaged the services of Mr. Cherif Moujabber, from Creative Expos & Conferences, as an STTA for the development of the Belgrade food show. Mr. Moujabber began with a review of existing plans and it became clear that the June dates originally chosen did not allow enough time to fully develop the program for the fair. The Project has now re-scheduled the event for the end of September (23<sup>rd</sup> to the 25<sup>th</sup>), with dates that will not clash with similar events being held in other parts of the world. The Project continues to work with Expo XXI on the organization of the fair, and the name finally chosen for the event is “CULINARIA”. The image at the right shows the cover of the promotional brochures that will be used for the event.



### **1.3 Marketing & Sales Program:**

The Marketing & Sales team organized the participation of a number of client agribusiness companies at two trade fairs this past quarter. The events supported were as follows:

- FruitLogistica {Berlin} This is the largest international fresh produce fair in the world, and the Project supported the participation of 13 Serbian exhibitors in a 100m<sup>2</sup> booth under the auspices of the Fruits of Serbia Association. Participating firms reported a total of \$8M of contracted sales, with an additional \$5.9M of sales under negotiation.
- BioFach {Nuremberg} This fair specializes in the presentation of organic products, and the Project supported the participation of 7 client firms in a 46 m<sup>2</sup> booth under the auspices of the national association Serbia Organica. Participants reported \$75,000 of contracted sales, and an additional \$2.6M of potential sales under negotiation.

The Marketing & Sales team also worked with the Belarus Chamber of Commerce, and SIEPA, on the joint promotion of appropriate companies for a sales delegation to Belarus. M&S staff also have identified potential buyers' delegations for the new Belgrade food show in September, and M&S staff continue to prepare market research for targeted products, and to facilitate business linkages. The Marketing & Sales team also provided a presentation to clients on the ITC trade map market research tool, and provided an orientation to 28 Serbian economic attachés who will be leaving Belgrade for their new posts in the near future.

### **1.4 Youth Enterprise Program:**

The Youth Director and the Sector Leads reviewed the Business Plans submitted by potential youth grantees, and prepared a list of potential award winners (out of 23 plans submitted, 12 plans have been selected for further evaluation and nine were approved for funding). In addition to the youth business plan competition, the Project issued a grant to Junior Achievement Serbia (JAS) to adapt, and introduce, its program in 25 specialized Agricultural high schools around Serbia, and foster ag school teacher involvement in the entrepreneurship curriculums. In addition to continuing activities on the Internship Program among high school students, the Project plans to expand the focus of the internship program to include university students as well. It was agreed with the PPES and JAS programs that the Project will become more actively involved in the process of selecting and preparing students, and companies, for participation in the Internship Program.

## **1.5 Other Cross Cutting Activities:**

### **1.5.1 Environment:**

Over the past quarter, Agribusiness Project efforts related to environmental issues were focused on ensuring the Project's compliance with Environmental REG 16, along with implementation of the Pesticide Safety and Environmental Education/Certification, and the Cleaner Production Technologies tasks included in the Year Three Workplan. The Project has recognized that most initiatives to integrate environmental concerns into agriculture are being carried out as small isolated activities, and many are still in the pilot phase in Serbia. These activities are characterized by the limited implementation capacity of implementers, and the general sense is that these projects are difficult to initiate and the results have been mixed. Based on this, the Agribusiness Project has developed a Strategy Paper for the implementation of the PSEE-SSA program. The Strategy Paper was approved by the MAFWM as the basis for achieving the main goal of the PSEE Program, which is to provide technical assistance to the ministry to strengthen their technical capacities. The main objective is to establish a critical mass of domestic resources to allow for a sustainable national SPU education program. The Environmental Monitoring and Integrated Soil Fertility management Activity was also completed during this reporting period.

### **1.5.2 Women Entrepreneurs:**

During the second quarter the Gender program focused on establishing contacts and developing cooperation with newly identified Women's Associations as a means of including a greater number of women in future program activities. Following the successful presentation of the Agribusiness Project at the 2<sup>nd</sup> Women's Conference, many of the women's associations at the conference were contacted to determine which ones are well organized and willing to participate in activities carried out by the Project. Several meetings with women's associations from Nis, Valjevo, Cacak and Uzice, and communication with associations from Kragujevac, Leskovac and Belgrade, clearly indicated there are two basic groups of potential training participants. These are 1) women starting from zero, and 2) women who have some type of agribusiness activity but who need further direction to develop their business. Based on this, the Gender program team has decided to use pre-selected local associations as partners for organizing the programs, including training programs, based on Project requirements. During March meetings with the Women's Associations "EVE" from Valjevo, "Teodora" from Nis, and "Nadezda Petrovic" from Cacak were held, and representatives of the Associations expressed their willingness to participate in the Gender program and apply for the Women's Association grant program.

## **Component 2: Improved Enabling Environment for Agribusiness**

### **2.1 Improve Access to Market Information:**

During the quarter, the ABDS provider "Agromreza", held two final seminars presenting the agriculture market information system, the basics of marketing for agricultural products, and the latest developments in the agricultural market in Serbia and the region. The seminars were held in Zajecar and Mladenovac, with more than 80 farmers attending these last seminars. In the last 10 months of the project "Market Analysis, Utilization of Information from STIPS, and the Basics of Marketing", 18 two-day seminars were held and 577 farmers and 50 representatives from the regional reporting centers participated. Local markets were analyzed in a more detailed manner, with a special overview of the possibilities for the local marketing of agricultural commodities.

### **2.2 Facilitate Legal & Regulatory Reform:**

The Agribusiness Project policy team developed a Scope of Work and began the procurement process for a qualified service provider to prepare a Study on the Impact of Liberalization on the Serbian Agricultural Sector. The goal of the Study is to analyze the future impact of liberalization in the sector, which will result from the accession to the WTO, the application of the SAA, and the

FTAs with Turkey and Belarus. In addition, the Project's policy team developed an activity overview for the preparation of a Guidebook on the Integration of Serbia into the EU and CAP, which will be prepared in cooperation with the Ministry of Agriculture.

During the past quarter the application process for the second round of international food safety and quality standards grants was completed. A total of 106 applications were received, with most applications being submitted within a few of the submission deadline. The Project's grant evaluation committee has completed a preliminary review process and selected 75 applications (including 14 applications for Organic standards that are still under review since the Ministry of Agriculture needs to issue the list of approved certification bodies for Organic) for a final evaluation and award decision. The total potential grant amount is \$362,534.

The Agribusiness Project, in collaboration with the Association of Agricultural Journalists – AGROPRESS, and the Ministry of Agriculture, organized a national Food Safety Conference in March. The objective of the conference was to engage relevant stakeholders in a constructive discussion regarding the importance of food safety, relevant controls, the capacity of existing laboratories, and specific export market food safety requirements. The event was very well attended with nearly 200 representatives of agricultural producers, processors, traders, NGOs and the government, as well as the media taking part.

### **Component 3: Program Management & Administration**

#### **3.1 Agribusiness Grant Program:**

The USAID Mission has now approved the updated version of the Project's Grant Manual, which will assure that the grant program is consistent with the approved realigned budget and the strategic and operational objectives of the Agribusiness Project for Year Three. The updated version of the Grant Manual includes a new grant sub-category to support capacity building for agricultural producer organizations, and ABDS providers, which is focused on the specific constraints that these organizations face in their efforts to provide services to their members and clients. The Project has prepared a detailed grant program description for this sub-category of grants, which has been submitted to the USAID Mission for CTO approval. It is expected that the first grants in this category will be awarded before the end of Project Year Three.

During the reporting period, the grant review committee approved the award of two grants with total funding of \$80,878, while an additional 85 grant applications (with total grant funding of \$523,635) are currently in the pipeline. In addition to these preliminarily approved grants, there are two new grant schemes (grants for producer organizations and for women's entrepreneurship in agribusiness) which are in the process of being developed. To date, the Project has approved 76 grant applications, with the total grant funding obligation amounting to \$1,087,225. Out of this amount, a total of \$512,140 has been disbursed so far. The low disbursement rate is mainly driven by the fact that all grants (except the youth grants) are provided on a cost reimbursement basis and with the financial crisis many clients cannot meet their program obligations in a timely manner.

#### **3.2 Project Communications & Media:**

Project Communications activities in this quarter were concentrated on four key areas:

- Generating positive media coverage for relevant project activities.
- Supporting activities of Producer Organization Specialist.
- Assisting in communications for the International Standards Certification Program.
- Supporting activities of the Marketing & Sales team and the Senior Policy Advisor.

Media coverage was obtained by informing the media of project activities and results, as well as through the organization of high-profile public events. During this past quarter the most significant media coverage was for the following events:

- January: Rural Development Fair in Kragujevac, organized by the Agropress
- February: Participation of Serbian companies at Fruit Logistica and BioFach fairs, which also included a Press Conference on their success with USAID Agribusiness Project support
- March: Food Safety Conference, organized in cooperation with the Agropress.

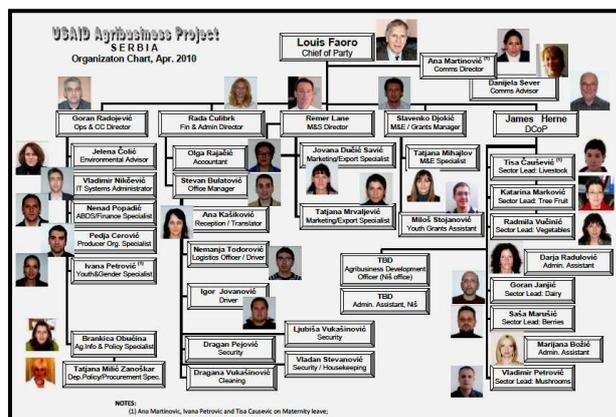
Other important topics picked-up and covered by the media included: Announcement of the RfP for the International Standards Certification program; and the establishment of Srboflora (medicinal and aromatic herb producers & processors) and the Serbian Blueberry Association. The number of times the Project was reported on during this quarter, by the types of media that are monitored, is presented in the table below:

<i>Print</i>	<i>Electronic (TV, Radio, Internet)</i>	<i>TOTAL</i>
<b>41</b>	<b>159</b>	<b>200</b>

It is important to notice the increase in the number of reports (200, compared to 54 in the previous quarter), which is a result of excellent cooperation with the “Moja farma” media portal. Their journalist covered two major events organized by the Project (the press conference for the fairs, and the Food Safety Conference) and distributed the report through their network of 25 local TV stations, ensuring expanded media for our events throughout Serbia. The Project web site was also a key tool for informing media, and the public, regarding forthcoming events and news from the Project. During this quarter the website received 6,365 individual visits, with 3,784 (54%) being new visitors to the web site. Compared to the previous quarter, there is a 71% increase in the number of visitors and a 67% increase in the number of new visitors.

**3.3 General Project Administration:**

During the second quarter of Year Three the Project personnel compliment has remained essentially the same as it was in the past quarter. Ms. Darija Radulovic, Administrative Assistant/Translator for the Novi Sad office, returned from extended sick leave at the end of March. Mr. Milos Stojanovic, was hired as an Assistant for the Youth Grant Program. At the end of the quarter he was temporarily transferred to the Nis Office, pending the selection of the final candidate. The process of identifying and hiring the professional staff for the Nis office was underway at the end of the quarter. An updated organizational chart for the Project is included here, at the right.



The Project has continued to make limited use of both expatriate and Serbian consultants, with a total of five expatriate STTA assignments being completed during the quarter. In addition the Project implemented five local STTA assignments, using four separate local consultants. Over the remainder of Year Three, and over the production and harvesting season, the Project will increase the use of external consultants.

**III. SIGNIFICANT PROBLEMS ENCOUNTERED DURING THE PERIOD:**

During the quarter the Project did not encounter any significant implementation problems that disrupted or delayed the implementation of activities or events. There were a few items that have caused minor problems for the Project, and these can be summarized as follows:

- There has been more back and forth with the Mission on the upcoming budget realignment than expected, and this has delayed the submission of the modified budget to the Contract Office and the receipt of final approval. Some items have been delayed, pending budget approval.
- Negotiations with the Ministry of Agriculture on the terms and plans for the collaborative effort on the Safe Pesticide Use (SPU) training program have taken longer than expected, and at this point the program will not get underway until some time in the third quarter.
- Project staff have taken time to make a more thorough assessment of the range of women's organizations, and a number of new associations have been identified as potential partners in the gender program. This has delayed somewhat the launching of the new gender grant program.

These have been the main issues that have arisen during the quarter, but as was stated above none of them has caused any significant disruption to Project events or activities. During the course of the quarter the Project was able to continue to make progress in these three areas.

#### **IV. ACTIONS TAKEN TO RESOLVE PROBLEMS ENCOUNTERED:**

Project management & staff continue to be innovative and creative in approaches to implementation issues and problems, and the items mentioned above. The specific steps taken to deal with the issues raised above are as follows:

- The main issue related to the realigned budget is the opening of the third field office in Nis. The Project has gone ahead and secured space, equipped the office, and relocated an admin person to the new office, but the addition of a technical specialist is pending budget approval.
- The Project has continued to move ahead with its commitment for the joint training program on Safe Pesticide Use (SPU) and a formal activity description for this program has been submitted to the Mission for approval. An RfA for grantee implementers will be announced soon.
- The efforts to identify additional women's associations, primarily based on organizations at the AgroPress Women's Conference, have created a much wider potential grantee pool. An activity description for the grant program has been approved, and an RfA will be announced soon.

Project management has been very pleased with the supportive and responsive collaborative relationship that the Mission continues to display. This congenial working relationship between Project management and Mission staff greatly facilitates the ability to quickly respond to, and deal with, and implementation issues that arise over the course of the year.

#### **V. IMPORTANT OBSERVATIONS REGARDING IMPLEMENTATION:**

A number of important observations regarding Project implementation have emerged during this past quarter. In summary they include the following:

1. Our impact report makes clear that we will far surpass the Life of Project goal of \$72m in client sales. The Project has recorded nearly \$75m in contracted sales to date, with 75% of these sales being for exports. This is important because it demonstrates that export sales continue to represent a safety valve for the ongoing global financial crisis. It is also noteworthy that this milestone has been reached at less than halfway through the project's life.
2. There is now an improved environment for identifying and partnering with private service providers. There is little doubt that concerted efforts by Project staff to improve this program dimension were effective. Nevertheless, a persistent problem is a general hesitancy for groups with similar interests to cooperate.
3. The revised grant program rationale, essentially packaging and better focusing grants, is unfolding well. In the process, the Project's ability to conceive appropriate grant goals and objectives, and to establish governing procedures, has substantially improved.

4. The Project remains an opportunity-driven program. Examples of this include the bio-digester initiative; the brokering of a loan to a client in conjunction with another USAID project; and the adoption by Lagermax of innovative product preservation systems (ozone generators).

In addition to these innovations the Project is also successfully identifying and testing new, lower-cost, methods for expanding marketing and sales to regional countries.

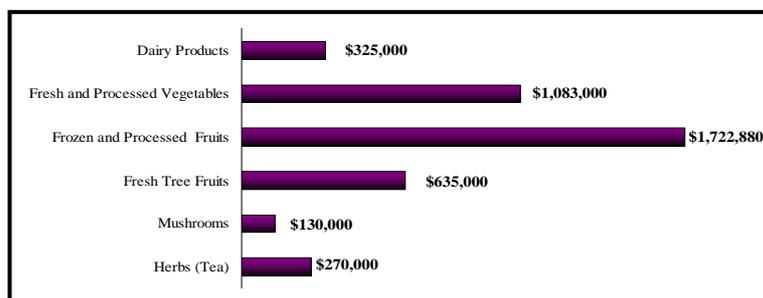
**VI. RESULTS ACHIEVED RELATIVE TO ANNUAL WORKPLAN TARGETS:**

As is usual for quarterly impact surveys, Sector Leads conducted phone interviews with selected clients to collect information regarding sales, employment, and other potential impacts. A total of 52 clients received assistance this quarter; 30 agriculture-related firms, 14 producer organizations, seven ABDS providers and one youth NGO. To date, a total of 368 clients have been registered in the TAMIS system, with 306 clients being active, and 157 MoU’s have been signed.

A total of 38 agribusinesses (four producer organizations, two ABDS providers, and 32 agriculture-related firms) reported sales results directly attributable to Project assistance this quarter:

<b>Sales Contracted</b>	<b>Sales Delivered</b>	<b>Sales Under Negotiation</b>
<b>\$10,973,880</b>	<b>\$4,165,880</b>	<b>\$9,925,000</b>

A total of 77% of the contracted sales, and 73% of the delivered sales, were for the export of Serbian food products. Exports to Europe and Russia accounted for over 94% of the total delivered sales. Based on this data, the Agribusiness Project has nearly met (\$9.8M YTD) the Year Three target for Performance Indicator No 4 (dollar value change in agricultural product sales), which is \$12M. The chart at the right shows the sales reported this past quarter by sector. Cumulatively, the Project is well on the way to achieving the LoP target for this indicator – which is \$72M in sales.



Client organizations reported a total of 46 new full-time jobs being created this quarter, with more than 60% of these being women employees.

To date the Agribusiness Project has contributed to the creation of 4,059 jobs, which is well ahead of the Year Three target of 3,000 jobs.

**VII. ACTIVITIES PLANNED FOR THE COMING PERIOD:**

Project management and staff will continue to focus on implementing activities as laid out in the Year Three Workplan, and on continuing to develop new Project initiatives. During the coming quarter Project staff will also participate in an annual retreat which will focus on developing the Workplan for Year Four. The main focus of activities for the coming quarter will be:

- Continue implementation of the plan for expanding Project activities in southern Serbia.
- Open, and staff, the new Project Field Office in Nis to support the Southern Strategy.
- Support Agrar Kontakt with their livestock training program, and add other Livestock activities.
- Support the adoption of the GHD digester technology with Lazar and other dairy firms.
- Continue to emphasize communication activities, and expand the use of high-profile events.
- Select the new Youth Business Plan winners, and finalize the grants to them for their projects.
- Implement SPU training program, in collaboration with the MAWFM and other partners.

In addition to these efforts, the Project will continue ongoing support for client firms and the sectors that the Project supports, as well as continued support for international fairs and trade events.



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Quarterly Report - Annexes**

**January 1, 2010 – March 31, 2010**

**Contract no.:** EDH-I-00-05-00004-00/09  
**USAID Agribusiness Project**

**RFTOP No.:** 169-07-016 under the RAISE Plus IQC

**Contractor:** Development Alternatives, Inc.

**Report Author:** Chief of Party, Louis Faoro

**Project COTR:** Djordje Boljanovic

**USAID Office:** USAID Belgrade, Serbia

Belgrade, Serbia  
April 2010

# **USAID Serbia Agribusiness Project**

## **Quarterly Report - Annexes**

**January 1, 2010 – March 31, 2010**

### **CONTENTS**

#### **ANNEX SECTION**

---

- Annex 1. Project Accrual Report**
- Annex 2. Sub-Sector Activity Reports**
- Annex 3. Cross Cutting Activity Reports**
- Annex 4. Enabling Environment Report**
- Annex 5. Grant Program Report**
- Annex 6. Communications Report**
- Annex 7. Administration & Personnel**
- Annex 8. Project Impact Report**
- Annex 9. Project Weekly Reports**

# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

January 1, 2010 – March 31, 2010

Annex 2 - Sub-Sector Activity Reports:

Berry Fruit

Dairy Products

Livestock

Herbs & Mushrooms

Tree Fruit

Vegetables

# **BERRY FRUIT – Quarterly Report**

January 1 – March 31, 2010

## **1.0 Introduction and Overview**

Over the course of the first quarter of Year Three the USAID Agribusiness Project continued to support the berry fruit industry in two main directions: establishment of fresh berries sub-industry and improving the competitiveness of value-added processed berries, both aimed at increasing value of berry product sales and exports, and the creation of new employment. The main focus in the reporting period was put on activities that are leading to improved knowledge on available new technologies, access to markets and strengthening Producer Organizations. Presentations of Ozone generators, exhibition of berry-fruit products at the Anuga fair, and support for the establishment of the national blueberry growers association “Serbian Blueberry” are the highlights of the berry fruit sector during the quarter. Besides these, the implementation of a range of cross-cutting and sector-specific technical assistance and grant programs, such as training programs for cooperative managers, marketing and promotional grants, as well as grants for the application of international standards, have been started, and/or continued during the past three months. Even though the global crisis has negatively affected the Serbian berry industry and has led to limited operations and even bankruptcy of some stakeholders, client interest in participating in activities designed and offered by the Project continues to be strong.

The cooperation of the berry fruit sector with other programs in Serbia, and in the region, has been further advanced. The Project has worked closely with IOM in Serbia, and with the Farma project from Bosnia, while at the RCI workshop held in Skopje the Sector Lead presented the Project’s achievements in advancing fresh berries sales.

The reporting period may also be characterized by planning and designing specific activities that will take place during quarters two and three, such as STTAs to support cranberry production and high-tunnel raspberry production in Serbia, and a study tour to Spain. All of these activities will serve not only as educational tools for the producers, but will also enable a know-how transfer from foreign to Serbian ABDS providers and will help future exporters establish links with potential buyers and input suppliers.

### **1.1: Strengthen Producer Organizations in the Berry Sector**

#### **1.1.1 Training & TA for the Use of New Technologies**

##### **1.1.1.1: Training on the Use of High Tunnels for Berries**

To ensure the proper establishment and management of berry-fruit fields, as well as the application of new technologies required for the successful production and marketing of fresh berries, the Project will work with competent ABDS providers or, where they do not exist, bring in international STTA consultants, to provide a series of training programs and to provide advisory services to client firms. The Project is planning the provision of this TA over the winter-spring months of 2010, and it will include hiring an expatriate consultant, and printing out a manual on high-tunnel production of berries. To ensure a know-how transfer, and a smooth provision of TA adjusted to Serbian conditions, the expatriate consultant will be assisted by a Serbian counterpart as well. The Berry Fruit Sector Lead has developed the SOW for this STTA – High-Tunnel Raspberry Production Consultant, and based on inputs received from the DCOP, the IRD HO, and Mr. Marvin P. Pritts, professor and Chairman of Department of Horticulture at Cornell University, revised it so

that it now includes the translation into Serbian of a manual on High-Tunnel Berry Production already developed, and available, from Cornell University. The Project is now in the final stages of selecting/contracting the best candidate for the assignment and obtaining the necessary authorization for the translation from the Cornell University.

#### **1.1.1.2: TA for Grantees Adopting New Technologies**

As explained in paragraph 1.5.1, as a result of negative impacts of the global crisis on the sector and its limited access to loan financing, grants for Project client firms have become a more important tool for the introduction and application of new technologies in Serbia. For this reason the Berry Fruit Sector Lead and responsible Project staff have reviewed limitations and are currently jointly developing a grants scheme that would include Project funding, as well as financial assistance from third parties where available. The Project has available a set of technical assistance that would enable the grantees to fully benefit from improved production/processing means, and advanced knowledge and skills. Once the grants for adoption of new technologies are operational, the Berry Fruit Sector Lead will begin planning and delivery of tailored technical assistance to the grantees.

### **1.1.2 Assist Producers to Diversify Their Production**

#### **1.1.2.1: Training of Trainers – Blueberry Production**

Over the past several years the most important problems that blueberry growers in Serbia had to deal with were related to the establishment of blueberry fields, and the application of proper production technology. In 2009 the strongest obstacle to the development of blueberry production became product marketing. As both the Project, and sector stakeholders, became fully aware of this new challenge, Project assistance will transition from blueberry production, to product marketing and promotion. The Berry Fruit Sector Lead, and relevant project staff, have already presented to sector stakeholders market trends and the available options for speeding up the sales and consumption of blueberries, and started provision of advisory assistance and the facilitation of development of action plans that will yield specific activities and project proposals for solving this issue before the next harvest. One of the strongest assets for promoting blueberries, and strengthening local and export sales, will be the newly-established national association “Serbian Blueberries”, which is expected to lead blueberry production and marketing activities in Serbia.

#### **1.1.2.2: TA for Producers Establishing Cranberry Fields**

Based on the cranberry consultant’s findings and recommendations from his assignment during Year Two (Aug/Sep ’09), the Project is continuing support to interested cranberry producers, and potential ABDS providers, to help them introduce the crop and develop their production capabilities. The main component of the assistance is an extensive technical training and advisory program for cranberry growers. The Berry Fruit Sector Lead has prepared a SOW for an STTA – Cranberry Production Development Consultant. The assignment consists of three phases: guidebook preparation, field advisory services, and a training program for cranberry producers and ABDS providers in Serbia. The Project is currently identifying the best available candidates for this assignment, which is scheduled to be conducted between January and April 2010.

### **1.1.3 Improve Management at Producer Organizations**

#### **1.1.3.1: Management Training for Producer Organizations**

In addition to the businesses training program offered to any type of business entity, the Project has developed a training program specifically targeting producer organizations – primarily market

oriented cooperatives. The program is managed by the Producer Organization Specialist and its main topic is capacity building and training for cooperative managers in overall management of a Producer Organization, financial management and strategic planning, and marketing. The Berry Fruit Sector Lead is working closely with the PO Specialist to increase the awareness of potential applicants and is advising them on how to apply. During the first quarter at least three cooperatives specializing in berry fruits have prepared and submitted their applications for the program that will enable them to improve their overall performance through organizing supplies and sales as well as improve other services offered to its members. *(For more detail please see the Producer Organizations section of the report).*

#### **1.1.3.2: Support for the National Blueberry Association**

As a result of the technical assistance delivered to date by the Project, which includes training and advisory programs, networking and facilitation, and a strategic planning meeting held in October, a blueberry growers' and ABDS providers' initiative to establish a national umbrella organization has been materialized in late December 2009. At the premises of the Fruit Research Institute in Cacak the Project team – the Producer Organization Specialist, and the Berry Fruit Sector Lead, organized a workshop that was attended by over 30 representatives of Producer Organizations, input suppliers, extension-service providers and growers from throughout Serbia. During the first part of the event two advisors hired by the Project explained to attendees all changes and legal and financial aspects of running an association in accordance to recently passed new Law on associations. In the second part of the event most of the attendees voted for the establishment of the association and conducted a foundation assembly meeting during which they became its founders.

The newly-established association's name is national blueberry growers association *Serbian Blueberry*. Among its 20 founding members are representatives of various stakeholders in the blueberry value chain, including firms, cooperatives, associations and individual commercial growers. Project staff, and the advisors, assisted the founders in developing the association's by-laws and other foundation documents, as well facilitating the election of its governing bodies – managing board, and president. The association's primary goals are support for the development of blueberry production, processing and marketing, strengthening the competitiveness of this business in Serbia, and lobbying for member interests. The Project will continue the provision of technical assistance to the Serbian Blueberry association, initially through the process of official registration and strategic planning, and then in implementing their planned activities which are aimed at strengthening the association, and establishing the delivery of needed services to its members, such as product promotion and marketing. *(For more detail please see the Producer Organizations section of the report).*

#### **1.1.4 Support for the International Standards Program**

##### **1.1.4.1: Support Intl Standards for Fresh Berries**

##### **1.1.4.2: Support for Other International Standards**

To improve their overall competitiveness, their product quality, and to gain access to new markets, the Project is continuing its support to growth-oriented Producer Organizations and companies which are in the process of implementing various international standards. Through a project-wide program launched in December 2009, the Project is covering up to 50% of consulting service costs, as well as up to 70% of the cost of certification, for required international standards. The Berry Fruit Sector Lead works closely with the Ag Info and Policy Specialist, and the berry industry, to increase awareness of the program, and help interested clients in properly applying for certification grants. Although the global financial crisis has hit this sector significantly, and most clients have

reduced their investments and focused on the most vital activities, the interest among the berry fruit sector in this program is significant. It is anticipated that through this activity at least two berry fruit sector clients will make advances towards the fresh market by successfully receiving GlobalGAP certification, while another three will apply for, and become certified in, the ISO 14001, ISO 22000, Organic, BRC or IFS standards. The standards adopted by these clients will enable them to become more competitive, and to meet requirements needed for establishing sales in new international markets and/or market niches. *(For more detail please see the Ag Info & Policy section of the report).*

## **1.2: Improve ABDS & Finance Service Delivery**

### **1.2.1 Improve the Capabilities of ABDS Providers**

#### **1.2.1.1: Berry Cold Chain Management TA & Training**

During the reporting period, Project staff have completed several activities which are aimed at improving client knowledge on various options that can be used to maintain the cold chain, as well as linking them with potential suppliers. After a series of presentations of Ozone generators, the project team visited the Trimo Company in Belgrade which specializes in construction & insulation material production and input/service supply. Having a number of clients dealing with fruits & vegetables, Trimo intends to develop and offer standardized cold-store capacities that would serve most of the needs for freezing and processing F&V at more competitive prices. The Berry Fruit Sector Lead, and the ABDS & Finance Specialist, provided Trimo management with detailed information regarding the industries' characteristics and needs, advised them on the typical types and sizes of facilities needed, and provided contacts for relevant businesses, Producer Organizations and GoS officials. The Project team also presented business opportunities related to the application of Ozone generators in Serbia, and advised them to add this service to their portfolio through establishing cooperation with the producer of this innovative technology for extending shelf-life of fresh fruits and vegetables.

In addition, to increase client awareness, the Project organized several events with representatives of Lagermax, a Belgrade-based company specializing in logistics services, where they presented to the food industry the range of services they provide, including consolidation services which are often a necessary step to successfully supply export markets. The newest service recently introduced by Lagermax, with Project assistance – consolidation services for fresh fruits – has attracted a lot of potential customers who learned about available options and associated costs. *(For more detail please see the paragraph below and ABDS section of the report).*

#### **1.2.1.2: Foster Partnerships for Input Supply to Producers**

The Project continued assistance to the berry industry to establish partnership relations with foreign companies which are aimed at improving input supply, and/or the availability of relevant sector-specific services in Serbia. In early December 2009, the Project organized a visit to Serbia for Mr. Jonathan Caisley, director of Biofresh Company, UK and a series of presentations of their newest product – Ozone generators. This innovative technology is an effective and cost-efficient tool in extending shelf-life of fresh fruits & vegetables. Ozone reduces fruit spoilage, helps in maintaining fruit firmness, and is efficient in cleansing the warehouse environment, and thus it helps in reducing overall losses and improving the quality and profitability of fresh products. The presentations were conducted in Uzice and Valjevo at the premises of the respective Regional Chambers of Commerce, and in Belgrade. A total of 62 participants attended the presentations. Besides representatives of private companies, Producer Organizations, ABDS providers dealing with fresh fruits & vegetables, officials from the Serbia Ministry of Agriculture, as well as representatives of USAID-funded

agribusiness projects in Bosnia and Kosovo attended the events as well. All of the participants showed significant interest in learning more about, and in applying this technology in Serbia. To assist that process, it was agreed with Biofresh that the Agribusiness Project will facilitate the application of the Ozone generators in Serbia and, where necessary, help interested parties in arranging trial use and/or demonstrations.

### **1.2.2 Assist Clients to Access Financial Resources**

The Berry Fruit Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients. However, he has worked together with the ABDS & Finance Specialist in planning support and facilitating clients' access to credit and finance on an as-needed basis. *(For more detail please see the ABDS section of the report).*

## **1.3: Support Sales & Marketing Efforts**

### **1.3.1 Support Client Participation in Trade Fairs**

#### **1.3.1.1: Support Companies that Participate in Trade Fairs**

During the reporting period the Project funded exhibitions by 25 of its clients at Europe's No. 1 food fair – the Anuga trade fair, that took place from October 8 thru Oct 15, 2009 in Cologne, Germany. At the 98m<sup>2</sup> booth located in the Frozen Food hall, a total of 14 companies gathered around the Fruits of Serbia and Arilje SME associations exhibited their products – frozen fruits, vegetables and mushrooms. An additional 11 processors exhibited their value-added products at the Project-funded booth in the Fine Foods hall.

Prior to attending the fair, all participants received training and technical assistance to insure they were well prepared, and that their exhibits and the negotiations conducted at the fair would be successful. During the fair the exhibitors met with hundreds of current and potential buyers – brokers, distributors, processors and retail chains – to discuss and negotiate supplies during the upcoming 2010 season. At the booth, which was crowded almost all the time, the Sector Lead hosted interested stakeholders, facilitated business meetings and linkages, and assisted in the promotion of Serbian frozen food at the fair. As result of Project assistance, a total of \$3.14M in new sales of frozen foods were contracted, and a further \$6.95M are under negotiation. As a follow up to the successful exhibition at the Anuga fair, upon return to Serbia the Sector Lead forwarded contact information for potential buyers met at the fair to clients from the fruit, vegetables and dairy sectors as well as provided additional information to potential buyers from Austria, USA and UK who showed significant interest in purchasing berry fruits from Serbia. *(For more detail please see the Marketing & Sales section of the report).*

### **1.3.2 Assist Clients to Undertake Trade Missions**

The Berry Fruit Sector Lead has not planned any specific activities related to assisting clients with trade missions, other than the one to Spain which is explained in the following paragraph.

#### **1.3.2.1: Sales Exchange Mission to Spain (Huleva Province)**

The Project will co-fund a know-how exchange mission to the province of Huelva in Spain, which is known worldwide for its strawberry and early raspberry production for the fresh market, and where recent technologies (such as multi-variety production systems under poly-tunnels and greenhouses, and new varieties with extended harvest) have been successfully implemented. This tour is planned and will be undertaken in close cooperation with the UK-based nursery Hargreaves

Plants, the main supplier of planting material for the Spanish producers, and in coordination with World Learning. Approximately ten representatives of raspberry producers and ABDS providers will take part in this activity. In addition, a TV crew will participate, and prepare an educational program on poly-tunnel raspberry production that will be broadcasted on the national TV channel B-92. The study tour will enable Serbian raspberry growers and ABDS providers to learn about establishment and management of raspberry production at poly-tunnels, and thus the extend production season and the assortment of berries for fresh market.

Together with the DCOP the Sector Lead met with representatives of World Learning in Belgrade and reviewed the required procedures and documentation regarding the organization of study tours for berry fruit sector clients during Year Three. To insure that the needed documentation is prepared on a timely basis, and to obtain the necessary approvals, the Sector Lead began preparation of the Study tour and developed a draft Activity Overview, including selection criteria and an initial proposal for participants. In order to enable the participants to learn about early production under high tunnels, and allow them some time for applying new knowledge in Serbia, after consultations with Hargreaves Plants, the activity has been postponed for April/May 2010.

#### **1.3.2.2: Sales Trade Mission to Italy (Sant’Orsola)**

No particular activities related to Sales Trade Mission to Italy have been planned for the reporting period. As this activity will be implemented in summer 2010, the sector lead will began specific preparations in February/March 2010.

#### **1.3.2.3: Market Research and Studies for Berries**

During the reporting period the sector lead has reviewed needs for market research with individual clients and representatives of national Producer Organizations, but still has not developed any plans to undertake specific market studies related to the berry sector. This is an activity that could be incorporated into the work-plan and activities for the sub-sector, should the need arise.

### **1.3.3 Provide Technical Assistance in Marketing**

#### **1.3.3.1: National Campaign to Support Berry Consumption**

No specific activities were planned for the reporting period because this activity is scheduled for period March to September 2010.

#### **1.3.3.2: Support Development of Fruits of Serbia Association**

The activity is scheduled to take place between January and August of 2010 and therefore no specific activities were planned for the reporting period.

### **1.4: Support Youth & Gender Involvement**

#### **1.4.1 Encourage & Support Youth Involvement in Berry Sector**

##### **1.4.1.1: Visit Ag Schools to Encourage Future Berry Growers**

The Berry Fruit Sector Lead visited Belgrade University – Faculty of Agriculture in December and met with professors Mihailo Nikolic and Jasminka Milivojevic, both specializing in and teaching berry fruits. It was agreed that the University experts will provide their inputs and recommend topics that would need to be explained in greater detail in two manuals that the Project intends to produce for Cranberry Production and High-tunnel Raspberry Production. They confirmed that for

University students it will be more than useful to have an opportunity to attend a lecture that will be delivered by US-based experts hired by the Project; the agenda and timing will need to fit well into the Ag Faculty curriculum. As there is a lack of private ABDS providers, to the extent possible the Project will continue using University's experts in providing future technical assistance to the berry fruit industry.

In addition, the sector lead reviewed 6 project proposals received through Youth business plans competition program that pertain to the berry fruit production and/or processing, and submitted his findings and recommendations to the Cross-cutting Director.

## **1.5: Support Cross-Cutting Functions**

### **1.5.1 Support the Project Grant Program**

#### **1.5.1.1: New Technology Grants for Berry Production**

#### **1.5.1.2: New Technology Grants for Processed Berries**

There are many individual companies in the berry fruit sector that are participants in Agribusiness Project grant programs. The Berry Fruit Sector Lead continued providing support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting and documentation on their grants. The Berry Fruit Sector Lead also supported the overall objectives of the grant program, and encourages and supports sector clients to respond to grant programs as appropriate. Due to negative impacts of the global crisis on the sector and the limited access to loan financing, both grants in fresh berries and in higher value-added products development have become even more vital tool for introduction and application of new technologies in Serbia. For this reason the berry fruit sector lead and responsible Project staff have reviewed limitations and are currently jointly developing a grants scheme that would include the Project's funding as well as financial assistance from third parties where available.

### **1.5.2 Support Policy Reform Efforts**

As of December 2008 Serbia participates in the OECD Scheme for the application of international standards for fruit and vegetables. Based on the Food safety law, new regulations on quality of fruits and vegetables will be developed, which should also be harmonized with the standards from the scheme. To provide for proper application of these new regulations, the Ministry of Agriculture plans to organize trainings and practical exercises for inspectors, farmers and agribusinesses regarding marketing standards of fruits and vegetables. At the meeting held in early December between the Project and the relevant Ministry staff it was agreed that the Project will assist in organizing those training sessions and in increasing participation of businesses.

In order to facilitate preparation of a Decree governing subsidies for fruit planting material and inclusion of cranberries in the decree, the Project supplied relevant staff from the Ministry with brochures and other materials developed with the Project's assistance that contains information on features of cranberry production.

#### **1.5.2.1: Training on the Impact of UPOV Membership**

Training on the Impact of UPOV Membership was tentatively planned for late fall 2009 or spring 2010, and it will be implemented in close relation to Serbia's expected official joining to UPOV. If necessary, the activity will be postponed so as to coincide with – be implemented prior to or right after it.

**1.5.2.2: Support GlobalGAP Adoption by Berry Producers**

**1.5.2.2: Support Other Standards for Fresh Berries**

*(For more detail please see the paragraph No. 1.1.4 above and Ag Info & Policy section of the report).*

**Other:**

- The Project staff - Senior Policy Advisor and Berry Fruit Sector Lead participated in the 6<sup>th</sup> RCI Agribusiness Workshop that took place in Skopje, Macedonia on November 10, 2009. More than 30 experts representing the USAID missions and Agribusiness Projects from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Bulgaria and Serbia, along with the Intercooperation Project Manager in Kosovo, EU projects specialist from Bulgaria and a specialist in rural areas development from UNDP Serbia attended the round table. The workshop discussions covered four main general topics – Regional market information systems in agriculture, Preparation for EU accession, Enhancing joint regional exports, and Information exchange. The Agribusiness Project's Senior Policy Advisor presented the Serbian experience with regard to the development and operation of the market information system in agriculture in Serbia, along with conclusions from the Study on the Impact of Global Economic Crisis to Serbian Agribusiness on how to mitigate the negative effects of the crisis. The Berry Fruit Sector Lead presented the Project's strategy and activities done so far to enhance exports of Serbian fresh berries, as well as the Project's plans in this regard. In addition, representatives of the Project also took part in the discussions, sharing valuable ideas and practical experience. Specific steps to link businesses from Serbia and Kosovo as well as participation in presentations of new technologies were agreed by the Project staff with counterparts from Kosovo and Bosnia.
- The Project met several times and did a few field visits together with IOM staff in order to assess room for providing technical assistance to IOM's grantees that have potential to improve their agriculture-related businesses through joining resources in a cooperative and/or association. Together with IOM staff from Kraljevo and Novi Sad offices, the berry fruit and vegetables sector leads visited selected POs in Cacak and Novi Sad regions and assessed their capacities to absorb new members—IOM grantees and contribute to further development of their vegetable and fruit production. Based on findings from field visits the two parties are currently planning grants from IOM and TA assistance from the Project that would jointly upgrade the performance of selected clients in Western Serbia and Vojvodina.

## **DAIRY PRODUCTS – Quarterly Report**

October 1, 2009 – December 31, 2009

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **I. Introduction & Summary**

Over the course of the quarter, the Agribusiness Project implemented and/or coordinated a range of dairy sector and cross cutting activities and events related to the Year Three Work plan which supports the objective of increasing the efficiency and competitiveness of Serbian Agribusinesses. The main activities, however, were related to completion of activities from previous period; grant projects, standard implementation in dairy companies and technical assistance. In addition, the Agribusiness Project was active in developing dairy strategy for less developed South Serbian region and exercising new technologies workshops and assistance to the dairy clients in coordination with USDA.

During the period, the Velickovic Dairy from Surdulica received the ISO 22000 standard, the “Fostering Innovation and Quality” Dairy Grant was completed resulting in \$316,357 in increased sales, five dairies were approved for Marketing grants, the Veterinary Department from the Ministry of Agriculture adopted a new veterinary certificate for Dairy exports to the US, which was developed in coordination with the Agribusiness Project and the USDA office in Belgrade, and two youth dairy grants were shortlisted. The following sections of this report will highlight the most important activities for dairy sub-sector.

#### **II. Activities Planned & Implemented During the Period**

##### *Component 1: Increased Efficiency & Competitiveness of Agribusiness*

Dairy Products – The First Quarter of Year Three of the Agribusiness Project was dedicated to completion of major initiatives carried over from Year Two.

- The “Fostering Innovation and Quality” Dairy Grant was completed. This “one time” grant program assisted dairy companies, commercial farmers, and ABDS providers to acknowledge profit and quality methodologies, vital for transitioning to EU standards and requirements. The participating ABDS providers were actively involved in the preparation of modules, practical trainings, and on-farm assistance, as well as the project seminars.

In total, 294 dairy farms, 6 ABDS providers, 3 Centers for Rural Development of the Ministry of Agriculture, 2 Producer Organizations, and 9 dairies participated in different stages of program implementation. Apart from staging the methodology for dairies, ABDS providers, and farmers in line with EU standards and requirements for a competitive dairy industry, the Project contributed with \$316,357 of increased sales.

The Agribusiness Project achieved the grant goal of delivering “know how”, and concrete field results from implementing the standards and procedures, obligatory for dairies and farmers facing free dairy competition and markets in near future. The Agribusiness Project contributed by staging the proper scene, while dairies will be responsible for implementation of tailor-made “milk quality standards” methodologies. The Project followed up the grant results where Sabac, Mladost, Kuc and Imlek dairy showed interest to apply the concrete knowledge and methodologies. Local Economic Offices and Municipal Funds showed interest for the model, the Project will stage presentation to these stakeholders, who will be able to support local dairy stakeholders in January-February 2010.

- In late December 2009, the USAID office M/CIO/BCCS completed the ADS Chapter 548 review and provided its concurrence on the procurement for the Dairy Companies Management Software which will allow the Agribusiness Project to provide the needed assistance to four dairies in the implementation of specialized IT software to increase the efficiency of their milk supply logistics. The implementation of the project activity will start in January 2010.
- The Agribusiness Project and the USDA office in Belgrade cooperated with Sabac Dairy to get them a certificate for dairy exports to the USA. As a result of the cooperation between USDA and the Agribusiness Project, the Veterinary Department in the Ministry of Agriculture adopted a new certificate applicable for the USA market. What remains as a limiting factor is that the Ministry of Agriculture approved only 6,000 lit/day out from 220,000 lit/day, as a result of milk quality standards.
- The Agribusiness Project coordinated with the USDA for the introduction of new technologies for Dairy and Livestock Stakeholders by staging a workshop for primary clients. The US based GHD Company, and Iowa State University, presented competitive waste management and biogas solutions, attracting the attention of a dozen dairy and livestock companies. Being a new technology, the Agribusiness Project agreed with the USDA to provide technical assistance to a number of interested companies in developing Feasibility Studies for Waste Management and Biogas generation. The first Study will be completed for the Lazar Dairy in Blace, which is spending \$40-50,000 annually on energy, while the implementation of biogas solutions from his farm waste might payoff the investment in three years.
- The Velickovic Dairy from Surdulica successfully implemented the ISO 22000 standard as a result of Agribusiness Project grant support. This is the very first dairy in the South of Serbia which has acquired this respective certificate.
- The Kuc and Mladost Dairies from Kragujevac, the Zlatibor Dairy and Vihor Dairy from Vranje, and the Nis Dairy were all provided support via the award of Marketing Grants. As a result, the Nis Dairy has developed a promotion campaign for a new dairy product – a UHT milk product aimed at school children. The preliminary results from the implementation of the campaign this quarter shows a sales result of \$68,000. Other grants are in progress.
- The Dairy Sector Lead and the Youth Manager concurred on short listing two youth grants which are to result in developing mini plants for local dairy specialty products in Zrenjanin and Sombor.

### **III. Significant Problems Encountered During the Period**

Remaining activities from the previous period and ongoing cross cutting efforts, along with availability requirements for STTA consultants were primary reasons for slowing down the process of implementation of Year Three Dairy Plan. Significant efforts were given to develop a South Serbia strategy as one of the new milestones in the project, which resulted in developing the framework for two projects for the protection of geographic designation (Pilot and Svrlijig cheeses) in cooperation with Pilot Municipality and Svrlijig Dairy. Lazar dairy STTA for Waste Management and Biogas, as well as, Velickovic Dairy ISO 22000 certification and Vihor Dairy Marketing grant are being primary indicators of good results of dairy sector in the South of Serbia. Significant time was dedicated to communication with dairy stakeholders related to adjustment of the activities focusing on broader spectrum of activities relative to quality requirements of the milk supply.

### **IV. Actions Taken to Resolve Problems Encountered**

Encountered problems have been part of regular activities; most of the above mentioned activities were part of interventions scheduled for Year Three Work Plan and will reflect in activities in Quarter Two. STTA SOWs for the protection of geographic designation for Pilot and Svrlijig cheeses were developed, and will be approved in January 2010, as well as, STTA consultants for Specialized Training for AI Service Providers,

Mastitis prevention, and Linear Scoring. Practically, delays resulted from multiple activities in late 2009, will be reflected through busy Quarter Two activities in the field.

## **V. Important Observations Regarding Implementation**

Important Observations Regarding Implementations were related to a shift from direct assistance on dairy farms towards systematic support to dairy companies to apply acquired knowledge from Fostering Innovation and Quality Grant. Increasing competitiveness on the dairy level, introduction of new products and technologies, as well as, developing the communication media through industry representative organization and activities related to EU transition for dairy industry are milestones which will be primary focus in following months. However, certain sensitive activities like Mastitis Prevention Programs and Genetic Improvement Programs will remain somehow between dairy companies, farmers and policy makers and cannot be neglected for future USAID Agribusiness Project Intervention. Clear division of activities is possible with development of sectors representative farmers, dairy companies and ABDS companies' organizations, respectively.

## **VI. Results Achieved Relative to Annual Workplan Targets**

The Annual Dairy Work Plan includes workshops and seminars in the winter period, primarily related to Specialized Certificate Trainings on Artificial Insemination, Mastitis Prevention, Linear Scoring and Hoof Treatment. They have been moved to the next Quarter as a result of ongoing activities, and the focus on the South Serbia Strategy implementation. Most of the STTA consultants will be selected in January 2010 while concrete implementation of activities will be scheduled for the remainder of Quarter Two. Market Access, Policy and New Technologies activities are considered year round activities and are performed constantly.

Progress report relative to activities in the work plan:

1.1.3 Improve Farm Level Productivity and Quality was closely related to implementation of “Fostering Innovation and Quality” Dairy Grant. Companies which will take the ownership of the methodologies are recognized and will be logistically supported to extend the outreach, while main responsibility will remain with the companies. Separately, the Agribusiness Project will give grant methodology and result presentation to LED within MEGA Municipalities aiming at motivating them to implement local dairy support plans.

1.1.2.1: Implement Mastitis Prevention Program, 1.1.2.2: Implement Dairy Hoof Treatment Program and 1.1.2.3: Dairy Farm Management Workshops – pending feedback from dairy companies which are interested in participating. Upon reaching consensus on the level of participation, activities will be implemented in Quarter Two.

1.1.3 Support Development of Dairy Processors Association, 1.1.3.1: Ongoing TA/Training for Association Development and 1.1.3.2: Capacity Building Grant for Dairy Association – Workshop will be implemented in Quarter Two when is expected registration of Industry Association

1.1.4 Support for the International Standards Program - 1.1.4.1: Support Dairies in GlobalGAP/ISO Program – initiated at the end of Quarter One completion of call in March 2010

1.1.4.2: Assist Dairies to Achieve Halal Certification- pending Sales and Marketing support to local Halal Agency to acquire internationally recognized Halal certificate

1.2.1.1: Dairy ABDS Tour to the Czech Republic - planned for Quarter Three

1.2.1.2: Implement Linear Scoring Training Program, 1.2.1.3: Specialized Training for AI Service Providers and 1.2.1.4: Improve Dairy Genetic Service Delivery – Consultants SOW developed, administrative procedure ongoing, subject of implementation in Quarter Two

Other activities are a joint effort with cross cutting staff including marketing and policy and are continuous.

## **VII. Activities Planned for the Coming Period**

These activities are being coordinated with all dairy stakeholders being that results of such interventions go along the value chain. Planned activities are:

- Specialized training for Artificial Insemination ABDS Providers
- Specialized training for Mastitis Prevention for Dairy Companies, ABDS Providers and Farmers
- Specialized training for Linear Scoring ABDS Providers
- Workshop on Developing Industry Association
- National Campaign For School Dairy Products

# LIVESTOCK – Quarterly Report

October 1, 2009 – December 31, 2009

## Component 1: Increased Efficiency & Competitiveness of Agribusiness

### OBJECTIVE 1.0: COMMODITY ACTION PLAN SUB-SECTOR ACTIVITIES

The project's original value chain assessment had identified the opportunity to increase beef production for more export to the EU to meet Serbia's quota and to bring down the price of beef in Serbia. The main challenges in the beef sector are tied to the structure of supply of meat into the formal slaughterhouse system, starting with the animal fattening. In November 2009, William Grant spent three weeks in Serbia as a STTA consultant performing the Livestock & Dairy Strategy Review. The purpose of this assignment in regard to livestock was to carry out further analysis into the overall issue of increasing the quantity and quality of the supply of beef animals to the slaughter houses. The analysis identified three main problems that affect the livestock industry:

1. Shortage of calves coming into the slaughterhouse system
2. Cash flow constraints
3. Inefficient fattening of cattle on the feedlots

The areas listed below provide opportunities for the project to address the key constraints in Year 3. The Project will use the grant mechanism to fund a **training program** to be implemented by its proven partner "Agrar Kontakt". This program will build on the impact and the results of the first grant issued to "Agrar Kontakt" in Year Two of the Project and will be focused on reaching the following goals:

- Improve efficiency of animal fattening/slaughtering/processing activities
- Increase value added in meat products
- Improve sales prices for beef that is being produced and exported (better markets);
- Improve their financial capacity through better business management practices
- Improve farmer understanding of the fundamentals of their business and ways to reduce expenses
- Introduce improved breeds of animals being used for the Beef sector
- Upgrade the facilities where the animals are being kept to improve animal health;
- Improve artificial insemination rates in the dairy industry to generate calves more frequently
- Strengthen ties between fattening operations and slaughtering/processing activities.

## HERBS & MUSHROOMS – Quarterly Report

October 1, 2009 – December 31, 2009

### Component 1: Increased Efficiency & Competitiveness of Agribusiness

#### OBJECTIVE 1.0: COMMODITY ACTION PLAN SUB-SECTOR ACTIVITIES

As planned in Herbs & Mushrooms Year Three Work Plan, the Project placed a greater emphasis on the herb sector with a focus on exports, national association development, and the addition of value-added products to company lines to support the export focus. The main achievement for Year Three Quarter One was the establishment of the new National Association of Herbs Processors and Exporters “Serbian Flora”, with Project support. This is the first step toward a new strategy for more intensive and strategic work with herb stakeholders so the new industry association can undertake many of the activities the Project has supported in the past.

In addition, as a result of activities conducted in this quarter and in previous periods, supported Herb and Mushroom companies were able to negotiate \$825,000 in potential sales, to contract for \$848,500 of sales, and to deliver \$190,000 of products. These companies also added three new full time workers in the reporting period.

#### 1.1.1.1: Support Clients with Marketing & Promotion Grants

A number of Herb & Mushroom sector companies have applied for, and one has already received, Project funds to improve their packaging and marketing activities.

In particular, the Bilje Borca Company, under the terms of grant no. IC-FY-2-1 for Tea Package Redesign and Labeling According to US Market Requirements, successfully completed their project on December 25, 2009. The Project reimbursed \$11,900 of the costs, while Bilje Borca invested \$20,722 for the printing of the new packages. Bilje Borca has already delivered \$92,000 of exports to the USA, and achieved \$180,000 of additional sales in the domestic market. The company also created three new jobs as a result of this grant program. The image at the right shows the new tea packaging and labeling for one of its tea products, as it will be used for both foreign and domestic markets.



In addition, the Strela Company is in the final stages of developing new packaging for their products. So far they have adopted the new brand name Vedrina. The Project is giving advisory support to Strela, and their selected service provider, in order to find the best design solutions. It is expected that Strela will complete all project activities by the end of January 2010.



Finally, four Herb & Mushroom companies (Rick's Technologies, Macval, Fructus, and Melisa Farm) have signed grant agreements for Marketing and Promotional activities. These companies are now in the process of developing new marketing tools. It is expected that they will complete project activities by the end of March 2010.

### **1.1.2.2: Support Development of a National Herb Association**

The Project has worked closely with key herb processors and exporters to establish a completely new association based on Serbia's new association law. Based on a need identified in Year Two a new National Association of Herb Processors & Exporters "Serbian Flora" was established with Project support on December 29, 2009. The key companies from the herb sector (i.e. Fructus, Herba, Macval, Bilje Borca, Adonis, Zdravac, Malisa Farm, and Kirka Pharma) which have more than 60% of the Serbian market, are the founders of the association. The association will also be open for new members.

The Project provided an STTA consultant to present them the new Law on Associations, helped them to develop the association's internal rules, and led them through registration and legal issues. After that, the association will open an office in Belgrade and hire a new, professional, manager who will be paid by the members. The main goals of the association are to:

- Address policy & regulatory issues on behalf of the association and members
- To serve as an information exchange leverage point for the members
- Organize participation in international trade shows
- Undertake media campaigns on behalf of the industry, and other promotional activities
- Foster the development of international market linkages for the members

As a next step, the Project will provide an STTA consultant to assist them with business and strategic planning, and preparing an action plan which will be the key document to guide future Project assistance for the association. As described in the Year Three WorkPlan, the goal is to make this association sustainable, active, and strong enough to become a key partner with the Agribusiness Project, and to eventually take over the functions the Project is fulfilling, and to carry on these activities once the Agribusiness Project ends.

### **1.1.3.1: Support Standards Program for Herb & Mushroom Clients**

Implementation of the first cycle of the standardization program is ongoing. The "Dina Pecurka" Company, which produces cultivated mushrooms for both the domestic and export markets, completed their final Global GAP certification. The certifying body was the Certification Agency Evrocet, and their inspectors performed the final evaluation of the company. Their GlobalGAP certificate will be issued by mid January 2010, and in the interim they have a certification confirmation letter from Evrocet.

Three other companies, Bilje Borca, Uca and Adonis will complete their certification in the second quarter of Year Three. The Project has also solicited a second cycle of the standardization program, so the Sector Lead invited more than 50 companies to participate in the program, with special attention being paid to companies from the south of Serbia.

### **1.3.1.1: Support Companies that Participate in Trade Fairs**

The Project provided support for the participation of four mushroom clients at the Anuga international trade fair. As a result, these companies contracted for \$697,000 in new sales, while they are negotiating additional new sales with a total value of \$825,000. All participants received training and consultancy services related to preparations, exhibition, and negotiation both during and after attending a fair.

As a result of the visit to the VitaFoods Fair in Geneva (a Year Two activity), the Fructus company delivered their first shipment of various semi processed medicinal plants to a new buyer from Switzerland with a total value of \$31,500. The expected annual sales to this customer will be more than \$150,000 only to this buyer. Also, Melisa Farm delivered the first shipment of dry and liquid extracts to a buyer met at this fair with a total value of \$10,000, and future contracts for \$30,000.

### **1.3.2 Assist Clients to Undertake International Sales Missions**

The Marketing Team and the Herb & Mushroom Sector Lead visited two institutes and two herb companies, accompanied by Mr. Michel Meneuvrie, the owner of Plantes Aromatiques du Diois (PAD). PAD is a global player in the market for organic essential oils and fragrance plants. Mr. Meneuvrie was in Serbia to assess these herb processors in his search for new partners for organically certified essential oils and plants. Organically grown herbs are not too common in Serbia, but there is potential for the supply of wild collected herbs. This market opportunity will be further explored in upcoming months.

### **1.4.1 Encourage & Support Youth Involvement in Herbs and mushroom Sub- Sector**

The Herb & Mushroom Sector Lead reviewed three youth grant applications and forwarded his findings and recommendations to the Cross-cutting Director. Two applications were given a positive opinion, and recommended for site assessment. One of the applicants was transferred to the Tree Fruit Sector Lead. As a next step, the Sector Lead and the Youth Specialist will visit the applicants and in order to determine their appropriateness for a grant award.

## **TREE FRUIT – Quarterly Report**

October 1, 2009 – December 31, 2009

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **1. ASSIST APPLE PRODUCERS TO REDUCE PRODUCTION COSTS**

##### **1.1: Training & TA on Apple Fertigation Technology**

In order to achieve maximum utilization of apple orchards equipped with drip irrigation systems, and to lower the cost of fertilizer use, Professor Brian Boman from the University of Florida completed an assignment in Serbia between September 20 and October 9, with the main goal of providing technical assistance and training to apple producers on the issues of irrigation and fertigation. On site visits, technical assistance was provided to members of two cooperatives - ZZ Green Group and ZZ Cacanska jabuka, and for two companies - Greeny and Atos Vinum. Based on the conclusions made during the field visits, and identified problems concerning irrigation and fertigation of apple orchards, Professor Boman performed the training in Novi Sad, with the main subject being "Drip irrigation and Fertigation in Apple Plantings". The following items were covered: water use and irrigation, fertilisation, fertilising through drip irrigation system (fertigation), system maintenance, the control of automation, and frost protection. A total of 23 participants attended the training sessions, which included representatives of 10 ABDS providers, 3 producer organisations, 5 production companies and one media representative.

Problems in applying irrigation and fertigation technology that were identified during the visits to above mentioned companies and cooperatives were presented in the final report prepared by the consultant, together with suggestions for improving currently applied methods. These suggestions for modifications to the currently used programs were submitted to Project beneficiaries who have received technical assistance.

As a part of his assignment, Professor Boman created a comprehensive Technical Manual on Irrigation and Fertigation of Apples in Serbia which contains practical advice on improving the performance of these technologies that are still underdeveloped in Serbia. Two ABDS providers, Aquaduct doo and Agro Ferticrop doo (both involved in the distribution of irrigation equipment and fertilizers, and corresponding advisory services), have expressed their interest in taking part in the costs of printing this manual. The main goal would be to present these companies as service providers for apple producers, and to promote the importance of using these technologies in a more advanced way in order to reduce production costs. It is expected that representatives of these two companies will supply the Project with their suggestions for additions to the text by January 15th, while the prepress and printing of the manual will follow. The manual will be distributed to Project beneficiaries involved in apple growing, ABDS providers, and their clients. This will be the first practical manual on these technologies to be printed in Serbia.

##### **1.2: Traininig on Apple Harvest/Postharvest/Storage**

This assignment was postponed for the last quarter of Year Three (August - September 2010) due to the inability to organize the consultant's assignment during the first quarter of Year Three, and the past apple harvest period. This was mainly due to the inability to get USAID approval for Professor

Errol Hewett to perform this assignment in October. Another consultant has been identified who will conduct this STTA in the last quarter of Year Three, during next apple harvest period. It is expected that this assignment will occur between August and October 2010.

## **2. SUPPORT DEVELOPMENT OF SUB-SECTOR PRODUCER ORGANISATIONS**

### **2.1: Increase Capabilities of Tree Fruit Cooperatives**

As per a Public call for cooperatives to apply for a Business Training Program for Cooperative Managers published by the Project's Producer Organization Component, in cooperation with the Ministry of Agriculture, Forestry and Water Management, the Tree Fruit Sector Lead has provided interested cooperatives with the necessary information regarding applying for this program. Cooperatives that have shown interest to take part in this program aimed at improving managerial skill of cooperative managers as well as financial planning, sales and marketing abilities of responsible cooperative members and employees are: ZZ Vocko, ZZ Slankamenka, ZZ Domacin, ZZ Prima, and ZZ Fruit Garden.

### **2.2: Assist Apple Cooperatives to Manage their Production**

As a continuation of the assignment on apple postharvest and ULO storage technologies performed in the second quarter of Year Two, the SOW for the consultant was created with the main goal to assist cooperatives in managerial/procedural and technical issues regarding apple post harvest, quality control and storage of fresh apples. The STTA to perform this assignment will be the post harvest and ULO storage specialist, Professor Chris Watkins, who will be conducting the tasks presented in the SOW from February 11<sup>th</sup> to March 2<sup>nd</sup>.

## **3. ASSIST CLIENT FIRMS WITH INTERNATIONAL CERTIFICATION PROGRAM**

### **3.1 Support Tree Fruit clients with International Standards**

Four companies from the Tree Fruit Sector that have signed Grant Agreements as part of the Program for support to introduction of international standards have passed through the audit processes with their certification bodies and have received certificates for the introduction of GlobalGAP and ISO 22000 in tree fruit production and storage operations. As a result of introducing these international standards the companies Greeny, Atos Vinum, and ABD Prom have reported additional deliveries of \$800,000 of fresh and frozen tree fruit, and they have an additional \$220,000 under negotiation. During the negotiations for the deliveries mentioned, the fact that these firms held either GlobalGAP and/or the ISO 22000 certificates represented either a precondition for delivery, or a required proof of product quality.

In addition, as per a Public call for another program for international standards published on December 21st, the Tree Fruit Sector Lead has been informing and advising interested companies and cooperatives on all the necessary information they need in order to apply for this program.

## **4. IMPROVE ABDS & FINANCE SERVICE DELIVERY**

### **4.1: Incorporate Local ABDS Providers in Project Activities**

In order to raise capacities and create a more suitable environment for providing consultancy services to producers, suppliers of irrigation equipment and fertilisers will take part in creating,

printing and distributing the Technical Manual on irrigation and fertigation of apple crops, which is a product of the Activity 1.1: Training & TA on Apple Fertigation Technology. The main goal of this part of the activity is to promote importance of good quality application of these production technologies among apple producers and provide the opportunity for the above mentioned companies to be perceived as service providers rather than input suppliers alone.

## **5. SUPPORT SALES & MARKETING EFFORTS**

### **5.1: Support Tree Fruit Clients with International Trade Fairs**

The Foodland and Vino Zupa companies from the Tree Fruit Sector exhibited their products at the Anuga Fair in Cologne in October 2009. The ABD Prom company presented their range of frozen tree and berry fruit within the fruits of Serbia Association exhibit at Anuga.

In cooperation with the Fruits of Serbia Association, the list of companies which will exhibit at the Fruit Logistica Fair in Berlin has been finalised. The tree fruit sector from Serbia will be represented by the following companies at this international fair of the highest significance for fresh tree fruits in the EU and Russian markets: Juzni Banat, Fruitland (two cooperatives involved in apple production), Agrocom, AgropromCom, Agrar Komerc, and Atos Vinum. Presenting Serbian fresh apple production in Berlin in February would represent an important opportunity for these companies (out of which some comply with EU requirements for international standards) to create opportunities in this market as well.

### **5.2: Provide assistance in marketing and creating buyer linkages**

In cooperation with the Sales & Marketing Project Component, the Tree Fruit Sector Lead has organised meetings for, and accompanied representatives of, the French companies Favols and Naturgie, and from the Ecocert organic production certification body, with potential suppliers of organically and conventionally produced sour cherries and prunes from the South of Serbia. The following meetings were organised:

- Meeting with the manager of Frigonais coldstore from Kursumlija - the representative of French processor was interested in purchasing frozen sour cherries, raspberries and blackberries, as well as apple puree from Frigonais. The negotiations with Frigonais will be continued in the future period.
- Meeting with the deputy President of Merosina sour cherry association and the mayor of Merosina municipality - the representative of Ecocert has proposed to the Association president to organise a presentation on requests imposed by organic production standards in order to improve their competitiveness and attract international buyers of organically certified products.

## **6. SUPPORT YOUTH & GENDER INVOLVMENT**

### **6.1: Encourage & Support Youth Involvement in the Tree Fruit Sector**

The Tree Fruit Sector Lead has assisted Marko Vasic who has applied for grant money as part of the program for subsidising business plans submitted through the Project's Youth component. Namely, Marko Vasic, who has presented the business plan with the concept, costs and benefits of starting dried fruit production in Macva region was assisted on ways of improving the clarity of the Business Plan in order to consider continuation of the assessment procedure, and the adequacy for

receiving subsidies. It is expected for the improved version to be delivered during the first week of January, which will be followed by an interview and site assessment.

## **7. SUPPORT CROSS-CUTTING FUNCTIONS**

### **7.1: Support the Project Grant Program**

The Agricultural Innovation Center (AIC) from Arilje has successfully finished the accreditation process for introduction of ISO 17025 standards with the Project grant support. Activities supported by grant have been taking place in the past year and have consisted of preparation of necessary procedures and documentation, obtaining and calibrating laboratory equipment in accordance to standard's requests. The final certificate proving validity of analysis performed by the Innovation Center was appointed by the Serbian National Accreditation Body on October 23rd.

This certificate makes the Innovation Center the only laboratory in the region officially certified to perform water and soil analysis for fresh fruits and vegetable producers and agribusinesses (cold stores) that are numerous in the area. The number of clients is estimated to raise by 30-40% and accordingly Center's income. Official analysis results are also required during implementation of GlobalGap standards which is becoming a precondition by export companies marketing products to the EU.

### **7.2: Assist Marketing & Packaging Grantees as needed**

As a result of the grant program supporting agribusiness companies wishing to raise their products' value and marketing performance, four companies from the Tree Fruit Sector have been approved grants aimed to support these activities and signed corresponding Grant Agreements with the Project. Representatives of VINO ZUPA, Foodland, ZZ VOCKO and Foodex who will finish their marketing activities by the end of the Year 3 second quarter will achieve USD 1,400,000 of additional sales of fresh and processed tree fruit products and 46 - 60 new jobs.

## **8. OTHER ACTIVITIES**

### **8.1. Cooperation with the LEDIB Program**

The Project COP Lou Faoro, the Producer Organization Specialist, and the Tree Fruit Sector Lead met with the Director of the Danish LEDIB Program, Mr. Lund, and his associates. The Local Economic Development in the Balkans is a five year program intended to support the development of local SMEs, and the intention is to expand the range of their activities to cover the agribusiness sector as well. These activities will have the form of supporting the establishment of a cooperative of sour cherry growers in the Municipality of Merosina, an advisory service based on the Danish model, and an agricultural school in Aleksinac.

In accordance with the Project Strategy for Southern Serbia and already identified issues existing within sour cherry subsector in this area, cooperation between Agribusiness Project and the LEDIB program was identified as adequate and useful for both sides. After attending the founding assembly of the sour cherry growers cooperative supported by the LEDIB Program, and performing a survey among sour cherry processors on raw material demand, marketing and export, the Producer Organization Specialist, the head of the Sales & Marketing Team, and the Tree Fruit Sector Lead presented a Proposal for Cooperatipon with the LEDIB Programme on December 7th. The goal of this proposal was to lay out suggestions for cooperation between the two projects in the form of

joint assistance that would be addressed toward the newly founded cooperative. The types of assistance presented in the Proposal are grouped around three components - support to cooperative development, technical assistance to cooperative members, and providing market linkages and information on market tendencies.

### **8.2: Further activities of Tree Fruit Sector in the South of Serbia**

As per the initiative to expand Project activities in the south of Serbia, the Project's COP and the Tree Fruit Sector Lead conducted meetings with representatives of the Prokuplje and Kursunlija municipalities in order to determine the potential for assistance. There are more than 2000 ha of sour cherry that is traditionally produced in the South of Serbia. The main problem for sour cherries is the low market potential - over 40% of this year's yield was un-harvested due to the lack of interested buyers and the non-existence of cooperatives or associations. As a result of discussions on potential Agribusiness Project assistance, the largest problems are the identification of new buyers for sour cherry, and initiatives to form a cooperative of sour cherry growers.

Together with the Deputy COP, as well as the Vegetable, Berry Fruit, Herb & Mushroom, and Dairy Sector Leads, and the Producer Organization Specialist, the Tree Fruit Sector Lead met with representatives of USAID funded projects from Vranje and Novi Pazar. The goal of these meetings was to determine the potential for expanding Project activities to firms and producer organizations in these areas of Southern Serbia, to get more information on the situation in the agribusiness sector, and the main difficulties and constraints encountered.

In accordance with the information and assessments performed in the past quarter, the Tree Fruit Sector Lead will conduct a sour cherry market analysis and value chain assessment. The results of the assessment will be disseminated to cooperatives existing in the South of Serbia, relevant cold stores and processors, together with suggestions for improving currently used technologies and overcoming problems existing in products marketing.

## **VEGETABLES – Quarterly Report**

October 1, 2009 – December 31, 2009

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **OBJECTIVE 1.0: COMMODITY ACTION PLAN SUB-SECTOR ACTIVITIES**

In the vegetable sector, the previous period has primarily been marked by harvests of most represented open space root and cabbage vegetable types. Some of the previously contracted quantities have already been delivered to buyers (primarily processing industries), while considerable amounts of fresh vegetables for continuing supply have already been stored. In the past year, the producers have placed particular stress on the preparation of adequate facilities for vegetable supply, which had previously not been a regular practice. This has enabled them to improve possibilities for better placement of their product on the market and realization of additional profit in the upcoming period, likely to become marked by scarcity of quality products on the market.

Hit hard by the economic crisis in the previous year, the vegetable processing industry is still struggling, resulting in a considerable number of individual processors being unable to remain financially solvent (due to inability to collect outstanding claims).

It is significant to report that market conditions and high prices of raw materials have forced some vegetable processors to cease cooperation with their traditional suppliers in the region, and to locate more favorably priced domestic suppliers, or suppliers from neighboring countries, primarily from Macedonia. This applies mostly to the processing of peppers, onions, and tomatoes.

Signing cooperation agreements with the European Union has enabled producers to access the markets of those countries more aggressively and easily. On the other hand, they are now bound to encounter heavy competition from other EU vegetable producers for product placement on domestic markets as well.

For that purpose, a number of producers and processors have successfully implemented new food safety standards, which are a requirement for access to markets, and/or they have worked on improvements of their visual identity and the competitiveness of their products.

#### **Activity 1.1.2: Post-harvest activities (Technical assistance+seminar>manual)**

Prof Elazar Falik, a Post-Harvest specialist from the Post-Harvest Institute in Israel, visited USAID Agribusiness Project clients during the quarter. During his visit, Prof. Falik made presentations on Post-Harvest technologies for root crops and vegetables. The emphasis was on carrot and potato storage, since these products represent the major crops from the region. The maintenance of quality, humidity, and other organoleptic characteristic of the products represented the main topics in his presentations and meetings with clients.

A two-day Post-Harvest seminar for Serbian and Macedonian service providers involved in assistance to vegetable producers was also held in Strumica (Macedonia). The seminar was arranged by the Skopje and Novi Sad Agriculture faculties, with assistance from the Macedonia

USAID Agbiz Program and the Serbia USAID Agribusiness Project. At the event, specialists from Israel, Italy, Serbia, and Macedonia, presented a number of new technologies related to the post-harvest subject. In the past, Serbia lacked quality literature related to the above-mentioned subject, and the USAID Agribusiness Project has supported the production of the first Post-Harvest manual for vegetables, which was prepared by Prof. Zoran Ilic.

### **Activity 1.1.3: Farm Management Training**

The second session of the three-part Farm Management Training program was held in Kanjiza between Nov 14<sup>th</sup> and 18<sup>th</sup>, 2009. During the training seminar, the following topics were discussed: Partial budgeting, Income statements, Financial analysis, Economic principles, and others. Participants were especially interested in Risk management and the Investment efficiency calculation presentations. The ultimate goal is to instruct producers on how to pay more attention to financial management and to keep their records precise so that they can use them for different types of financial analysis, which will give them better information about their profitability, liquidity, solvency, and other important matters.

### **Activity 1.1.4: Food Safety Standard Implementation**

During the previous quarter, most of the applicants in the process of standard implementation finalized their activities. A very demanding and strict process, GlobalGAP certification, implemented by TUV Rheiland gave the highest scores to *Grow Rasad* company, which became the first GlobalGAP certified vegetable nursery. *Citadela* company successfully passed two inspections and became GlobalGAP and ISO 14001 certified. The *Golden Garden* company is also now certified by Bio Agri Cert from Italy. Successful implementation of these standards has improved the competitiveness and position of Serbian vegetables, especially on foreign markets.

## **OBJECTIVE 1.1: STRENGTHENING PRODUCER ORGANIZATIONS**

**Activity 1.1.1:** Business training program for the management of agricultural cooperatives in the period of January - February 2010. After distribution of invitations for the abovementioned program, five clients from vegetable sector applied. Management still represents the weakest point of agriculture cooperatives.

## **OBJECTIVE 1.2: IMPROVING ABDS SERVICE DELIVERY**

### **➤ Activity 1.2.1: Linking ABDS providers with local producers.**

Extension service providers specialized in agro-economy participated in the second Farm Management Training. Participants from Ruma, Vrsac, Kikinda, Aleksinac and other cities represent the first generation of service providers dealing with economic production department. Due to the importance of this subject matter, preparations for the extension of the assistance are planned for 2010.

**OBJECTIVE 1.3: PROVIDING SALES & MARKETING SUPPORT**

**Activity 1.31: Anuga Cologne, Germany Food Fair**

Five vegetable processing companies exhibited at Anuga, the largest European food fair in Cologne, in October 2009. For the duration of the fair, potential buyers from EU countries, Russia, and also Middle Eastern and other countries, showed significant interest in importing Serbian vegetable products. In the category of frozen vegetables presented by *ABC Food* and *Aretol*, the **highest** interest was shown for peppers (strips and cubes), sweet corn, and green peas. In addition to clients interested in bulk purchases, these companies initiated negotiations for the sale of small retail-packed vegetables. Pasteurized canned products (sweet corn, green peas and especially kidney beans) presented by *Prima Produkt* attracted the attention of EU and Russian buyers.

New vacuum-closed packaging gave them an advantage in comparison to Thai and Chinese products. The vegetable-based sauces produced by *Biotrend* represented the highlight of the exhibit and numerous buyers expressed interest - so far contracts are signed with Slovenia and Hungary.

**Activity 1.3.2: Preparatory activities for Fruit Logistica Fair**

Preparatory activities for the largest fresh fruit and vegetable fair to be held in Berlin in February 2010 were arranged by the project team through marketing and sales training, advisory assistance, and market analyses for specific products planned for exhibition. Four representatives of the vegetable sector will exhibit: *Sagal*, *Lucic*, *Grow rasad*, and Association of Vegetable Growers of Vojvodina.

**OBJECTIVE 1.4: YOUTH ENTERPRISE PROGRAM REPORT**

The evaluation of business plans and ideas presented by the participants of the Business Plan Competition was completed for three applicants in the vegetable sector. After the initial assessment, the idea for red pepper processing into a powder for spice production showed the highest potential.

**OTHER ACHIEVEMENTS/ACTIVITIES IN PROGRESS**

*Biotrend* company concluded negotiations in Budapest with the "White lake" company, the largest distributor of products in controlled regime in Hungary. *Biotrend's* products are to be sold in the four largest supermarket chains in Hungary: *Achan*, *Metro*, *Interspar* and *BCA* through this Hungarian company. All arrangements regarding pricing, transportation, and promotion, have been completed, and the first quantities will be exported in January 2010. The initial contact with *Biotrend* company was established at Anuga Food Fair in Cologne, Germany.

The ATP Irrigation Company concluded deliveries of fresh cucumber to a processing company in Hungary. Since the quality of products and quantities were exceptional, the processor expressed desire to invest in the new facility, which should be built in the Krusevac Municipality. The first contacts with local authorities have been made, and three locations were proposed for the construction. The total exported quantity was over 1,800 tons.

Market analyses for Russian, Belorussian, and Ukrainian markets have been contracted to provide assistance for fresh vegetable exporters. These analyses will focus on vegetable types produced in significant quantities, as well as recommend new varieties, which could represent significant market opportunities.

# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

Annex 3 – Cross Cutting Reports:

Marketing & Sales

Producer Organizations

ABDS & Finance

Youth & Gender

Environment

# MARKETING & SALES – Quarterly Report

## October 1, 2009 – December 31, 2009

### Component 1: Increased Efficiency & Competitiveness of Agribusiness

#### Objective 1: Implement Firm-level Activities

##### Task 1.2: Opening Domestic and Regional Markets

- Marketing & Sales team provided contacts of regional distributors to Zrnco Company from Kovacica: (Pohit for Croatia, Imperial for Slovenia, Lednik for Croatia and Slovenia, all of them are working with large supermarket chains, Mercator, Tus, etc...)
- Marketing & Sales met with Market Unija –an association of 90 retail markets around Belgrade who have united to consolidate their procurement and marketing under one eventual brand. Assistance required for organization of the procurement activities.
- Marketing & Sales met with purchase managers of Metro, and Familija market market discussing their needs and cooperation with client companies on regular basis
- Marketing and sales team established a contact with Japanese-Serbian chamber of commerce in order to jointly promote Serbian products at Japanese market
- Project staff started cooperation with British – Serbian Chamber of Commerce with aim to establish business linkages of Serbian producers and British buyers

##### Task 1.3: Training for Firms: Strengthen Business Skills in Marketing and Sales

- Marketing and Sales organized training for companies participants at Anuga trade fair on AgBiz premises in Belgrade.
- Marketing and Sales organized training for companies participants of Fruit Logistica Trade Fair in Berlin (3-5 February 2010) and Biofach trade fair (17-20 February 2010) at Zira hotel in Belgrade
- During this training, Jeff Spear, Sales and Communication STTA, had presentation on Public Relations during trade fairs.

#### Objective 2: Implement Service-level Activities

##### Task 2.1: Trade Fair Support

The Project organized an exhibition of Serbian companies at Anuga Trade Fair in Cologne, October 10-14, 2009. Serbian companies exhibited on two stands : Fine Foods ( 10 companies) and Frozen Foods (14 companies). They achieved the following results (see tables on the following page):

Project Client	Sales	Sales
Fine Foods Stand	Contracted	Negotiated
Strela	<b>\$490,000</b>	\$500,000
Foodland	<b>\$500,000</b>	\$1,000,000
Biotrend Donato	<b>\$1,000,000</b>	\$300,000
Igda		\$300,000
Sweet Art	<b>\$70,000</b>	\$2,500,000
Prima Produkt		\$1,150,000
Pionir		\$400,000
Vino Zupa		\$2,300,000
Fungo Jug	<b>\$162,000</b>	
Yumis		
<b>Totals:</b>	<b>\$2,222,000</b>	<b>\$8,450,000</b>

Project Client	Sales	Sales
Frozen Food Stand	Contracted	Negotiated
ARILJE Association	<b>\$363,000</b>	\$768,000
Agrograf		
Yugotrade		
BMD		
Laki		
Fruits of Serbia	<b>\$2,774,362</b>	\$5,818,150
MN		
ABC		
SIROGOJNO		
Aretol		
Mondi		
Frigo Grand		
Agropartner		
ABD Prom		
Jugprom		
ITN		\$364,000
<b>Total for Frozen Food:</b>	<b>\$3,137,362</b>	<b>\$6,950,150</b>
<b>Grand Total Contracted</b>		<b>\$5,359,362</b>
<b>Grand Total Negotiated</b>		<b>\$15,400,150</b>

Also, the Project finalized preparatory works for upcoming Fruit Logistica and Biofach fairs. The final lists of participants is as follows:

**Fruit Logistica** - under the umbrella of Fruits of Serbia Association:

1. Coolfood
2. Fruitland
3. Juzni Banat
4. Agro Trade
5. Association of Vegetable Growers
6. Agrocom
7. Agrarkomerc
8. Lucic Prigrevica
9. Agroprom
10. Prima Farmers' Association
11. Sagal
12. Atos Vinum
13. Igda

**Biofach** – under the umbrella of Serbia Organica Association

1. Zadrugar
2. Foodland
3. Mondi
4. Royal eco food
5. ITN
6. Zdravo Organic

**Cooperation with Universities:**

- Jeff Spear, Marketing and Communication STTA held lecture on The Value of Design in Marketing to the students of marketing on Belgrade Banking Academy (Marketing Section).
- The Value of Design lecture was also held at the Faculty of Economics, Belgrade University.
- Both lectures were attended by Serbian marketing lecturers. Project was invited to join the network of universities, institutes, high schools, consumer organizations, NGO's and private enterprises who are active in the field of consumer science in order to develop joint research activities. The name of this project is Focus Balkans and it is funded by European Commission.

**Facilitate Sales Linkages for Serbian Agribusiness – Sales Missions**

**French Organic Sales Linkages**

French buyers of organic and conventional food Favols and Naturgie visited Serbian companies: Knjaz Milos, Sirogono, ITN, Zadrugar, Frikos, Libertas, Elikvir, Merosina Association, Foodland, Nektar and Zdravo Organic. After this initial visit more French berry fruit buyers expressed their interest to come to Serbia in spring time.

**Halal Sales Mission**

Project staff met with Mustafa Jusufspahic, General Manager of Halal Products Certification Agency and agreed to work on developing project with Malaysian Embassy to discuss potential export of Serbian products to that market. The meeting at The Embassy of Malaysia is scheduled for January 15, 2010.

Marketing and Sales met with the owners of Zeleni Hit to discuss project support for the development of Sweet Potato production in Serbia.

Marketing and Sales has responded to an investment inquiry from the Netherlands for the construction and production of a new modern apple orchard in Serbia.

Marketing and Sales met with Vlade Divac of the Divac Foundation to discuss their activities in Serbia and investments in agribusiness.

Following trade fairs, Project staff disseminated contacts of distributors and buyers to Serbian companies. Some of these contacts are:

- Canning factory from Bulgaria, Yoka, interested in raw material for further processing
- Van – Tol , import – export Dutch company owning more than 160 supermarkets interested in potential of private label production in Serbia
- Project staff connected Tomi Lednik, distributor from Slovenia with Yumis company.
- Project staff provided contacts of Serbian producers to Pohit company, distributor and importer to Croatia.
- Impuls, importer from Germany interested in research of Serbian source of raw materials
- Gunther Hellriegel GmbH interested in Serbian private label products

#### **Task 2.2. – ABDS and Export Association Preparation for Fairs and Sales Missions**

- Project staff worked closely with Serbia Organica Association who is supposed to take over the organization of Biofach fair.
- Project staff worked closely with Fruits of Serbia Association and Run Expo service provider coordinating organization of Fruit Logistica trade fair.

#### **Task 2.4. – Market research for companies/associations wishing to enter new markets**

Marketing and sales team made a fruit and vegetable market research for potential markets (imports, exports, prices, tariffs, competitors analysis). Implications of newly signed trade agreement with Belorussia and Turkey on Serbian agriculture are also analysed. The research will be presented to fruit and vegetable sectors in January.

#### **Task 2.3.: - Communications: Dissemination of agribusiness-related information**

Marketing and Sales participated in a 30 minute talk show on Kopernikus Television to discuss USAID support for Serbian companies with marketing, sales, export markets and competitiveness.

#### **Task 2.6.: Prepare and Promote new Belgrade Food Show**

ABDS advisor with support of Marketing and Sales organized his first presentation of new Belgrade Food Show which is supposed to happen in June 2010. The presentation was held at Holiday Inn Hotel in New Belgrade.

## **PRODUCER ORGANIZATIONS – Quarterly Report**

October 1, 2009 – December 31, 2008

**OBJECTIVE 1.1: STRENGTHENING PRODUCER ORGANIZATIONS**

**ACTIVITY 1.1.1: STRENGTHEN ORGANIZATIONAL CAPACITIES**

### *Task 1.1.1: Generic Business Training Program for Cooperative Managers*

During the quarter, the USAID Agribusiness Project (the Project) partnered with the Serbian Ministry of Agriculture (the Ministry) have launched joint nationwide training program to assist agricultural cooperatives from six sub-sectors to improve business skills of their management. This is a joint program that will be organized and funded by the Ministry and the Project. The training agenda, with recommendations for its implementation, has been developed by the U.S. consultant, Mr. John Haydu that the Project hired in July 2009. Proposed program consists of three separate modules in the following fields/areas: (1) Cooperative Business and Strategic Management; (2) Financial Planning Tools for Cooperative Managers, and (3) Marketing, Selling and Communication Skills for Cooperative Managers.

The PO Specialist has been working intensively with the representatives of the Ministry to define selection criteria for both, service providers that will deliver trainings and cooperatives that will apply for training program. As agreed with the Ministry, the Project announced a request for proposals to identify companies capable of developing final training modules, prepare training manuals for printing and providing specialized trainings to cooperatives. A total of 8 proposals have been submitted by the companies within a given time frame. Review Board consisted of representatives of the Ministry and the Project has evaluated applications and conducted selection of the most skilled and competent service provider that have submitted best offer.

The Project and the Ministry prepared selection criteria for cooperatives to apply for the trainings and the Ministry's responsibility was to announce a public call in early October 2009. However, the Ministry's legal department asked for further clarifications regarding selection process and the content of open competition to cooperatives which significantly slowed down the process and caused delay in the implementation of trainings. Finally in mid December, the Ministry announced public call to agricultural cooperatives to apply for the participation in the training program (<http://www.minpolj.gov.rs/download/konkurs.pdf>).

The deadline for the submission of applications is December 29<sup>th</sup> 2009 after which training participants will be selected. Because of that, planned training schedules will be postponed for February/ March 2010. The training's eligible participants are the management of agricultural cooperatives registered in the Serbian Business Registers Agency that have a minimum of ten members, registered farming households with a strong record of the jointly implemented activities such as mutual sale, purchase of raw materials, attendance of the fairs, trainings, etc. PO specialist has informed and invited to apply over 35 agricultural cooperatives and cooperative unions that are Project clients. The Project expects participation of minimum 20 and utmost of forty (40) agricultural cooperatives from six targeted sub sectors that will have their managers engaged in the trainings.

***Task 1.1.6: Strengthen national associations***

***Activity 1: Expert support to targeted associations.***

As part of the planned expert support to targeted associations, PO specialist has been working on the SoW for the consultant, and sourcing for the most suitable candidate for this assignment. This consulting assignment should bring in a foreign association development expert who can use his experience and knowledge and offer some practical advice and solutions applicable to Serbian national associations. He should advise associations on different models of efficient organizational structure, how to improve their viability and financing, broaden the scope of member services and expand opportunities for lobbying and advocacy. Targeted clients are recently formed national associations, *Fruits of Serbia Association, Medicinal and Aromatic Plants Association, and Organic Food Association*. Few potential consultants from US that are internationally considered among best experts in this matter have been identified. Experts from the Produce Marketing Association (PMA), a leading global trade association based in US, were contacted first. However, due to their busy schedule they were not available in the first quarter of 2010. This has caused a small delay in the assignment schedule and will require engagement of other identified consultant that is available in February/ March 2010.

***Activity 2: Trainings and technical assistance to form new national associations.***

During the quarter the Project's focus with the development of new associations was on two groups of agribusinesses that showed interest in forming commodity-based organizations at national level: (1) blueberry stakeholders from berry fruit sector, and (2) medicinal and aromatic plants (MAP) processors and exporters from herbs sector. They were identified by Sector Leads as potential key players and leverage points in targeted sectors, and as such an important Project partners in Year 3.

In December, the Project assisted targeted groups to advance into associations organized in accordance with the new Law on Associations that has recently entered into force<sup>1</sup>. Until now Serbia had the unsuitable legal framework for associations as non-governmental entities. They were organizations that could be established only by natural persons, which disabled businesses as legal entities to form such stakeholders associations and officially take part in their activities. Previous Law has limited a range and amount of business and other profit-making activities that can be done through the association for the benefit of their members. The long-awaited new Law now provides better regulation of the associations in Serbia in line with international standards.

To assist each target group to understand requirements of the new Serbian Law and successfully overcome demanding and hard process of forming new association in compliance with the Law, the Project provided specialized trainings and technical assistance through the selected local consultant. The consultant has conducted trainings on the practical issues and various components regarding application of the new Law. Training participants were instructed how to prepare founding act, statute, by-laws, and other regulations to the new Law and get official registration of new association. Special attention was given to financial issues and performance of business and other profit-making activities through the association account.

The Project has organized two of those trainings in support to formation of: 1) New National Blueberry Association (on December 28, 2009, in Cacak), and 2) New Association of MAP processors and exporters (on December 29, 2009 in Belgrade).

---

<sup>1</sup> As of November 2009

- 1. *New national MAP processors association.*** The training participants were eight leading MAP processing companies that represent over 60 % of the value chain. Following the training, participants held a founding assembly meeting of a new business association that has been facilitated by the consultant and Project staff. Companies have adopted founding act and elected managing board and the president of the new MAP processors' and exporters' national association named „Serbian Flora“. Primary goal of new association is lobbying and advocacy for its members to improve business enabling environment and change industry-related policies that affect sub-sector (quota system export procedures, temporary import procedures, quotas for collection of wild MAP, etc.). Besides that other main goals are improvement of herbs production and processing technology, better market access, market research, and joint promotional and marketing activities.
- 2. *New national blueberry organization.*** In the premises of Cacak Fruit Research Institute, the consultant conducted training to over 20 blueberry stakeholders. After the training, blueberry stakeholders held a founding assembly meeting of a new national blueberry association, facilitated by the Project. Blueberry growers and related cooperatives, associations, ABDS providers and input suppliers from across the country adopted founding act and elected managing board and the president of the first blueberry producers' national association named „Serbian Blueberry“. This umbrella association should coordinate joint activities of blueberry stakeholders in Serbia and work on the improvement of blueberry production technology, introduction of new varieties, lobbying for its members, better market access, and joint promotional and marketing activities.

The project will provide further help to newly established associations to prepare by-laws, statute and other regulations to the new Law on associations, and to get official registration of new entity.

### ***Activity 3: Support to existing national associations***

#### ***Serbia Organica National Association.***

Over the course of the quarter, the Project has been providing assistance to newly founded National Association of Organic Food Producers “Serbia Organica” at many different levels, as follows:

- ***Finalization of National Action Plan for Organic Agriculture in Serbia:*** Together with the Ministry of Agriculture, Association “Serbia Organica”, Austrian Development Agency (ADA), Slovak AID from Slovakia, Serbian Export Promotion Agency (SIEPA), and German Organization for Technical Cooperation (GTZ), the Project participated in the series of coordination meetings as member of the Working Group for the implementation of National Action Plan (NAP) for organic agriculture in Serbia. The purpose of these meetings was to define roles and determine short term and long term priorities of each organization in support to implementation of NAP for organic agriculture in Serbia. As a result NAP has been prepared and timeframes for its implementation set. Since Association “Serbia Organica” will be the most important implementing partner, the Project has defined a set of activities within proposed NAP that will be implemented in support to National Association. The Project will provide direct assistance to association to reregister based on new Law on Associations, help with development of their organization and by-laws, and designing of long-term strategy to ensure sustainability. In addition, through grant scheme the Project will support organic stakeholders to get organic product certificate for export and local markets, and support association to promote organics in Serbia and abroad and develop those markets.

- *Joint Export Promotion/ Trade Exhibition:* The Sales & Marketing team and PO specialist has been meeting with representatives of “Serbia Organica” and German organization GTZ to coordinate preparations for joint exhibition of the association and their members at BioFach Fair in Germany. This activity will be co-funded by the Project, GTZ, and “Serbia Organica”. Six organic certified companies, members of the association, will exhibit at the association’s joint booth stand in February 2010. (*For more details see Sales & Marketing quarterly report*).
- *Expanding Portfolio of the Program for International Standards:* New national Association “Serbia Organica” sent a proposal for inclusion of organic certification into our program on international standards. The Association has identified a lack of organic certified products as one of the most important constraints to organic food sector growth in Serbia. In the proposal, the Association recommended criteria for selection of applicants and provided information on potential agribusinesses that will have interest to obtain organic certification. This initiative will help Serbian food producers to introduce more organic certified products, expand area with organics crops, increase number of new farmers and agribusinesses involved in organics and boost exports of organic food. Info/ Policy specialist and PO specialist has been working on the criteria for organic certification small grants and inclusion of this standard into our program. As a result the Project incorporated organic standard as part of recently launched certification program (*For more details see Info & Policy quarterly report*).
- *Making the Association’s Business Plan:* PO specialist assisted “Serbia Organica”, during the process of creating an association’s business plan. Planning session was organized by German organization GTZ and facilitated by their expert Ms. Marion Buley. PO specialist took active participation as a member of planning working group. Purpose was to help association articulate and plan their business activities and provision of services to their members that will assure self-sustainability.

#### ***Fruits of Serbia Association.***

- *Preparations for Fruit Logistica Fair:* PO specialist has been coordinating preparations of Fruits of Serbia exhibition at the Fruit Logistica trade fair in Germany with the Sales & Marketing team. Selection criteria for companies that will exhibit through association have been determined and MoU signed with Fruits of Serbia. The association will fund catalogues and graphics for the exhibition through members’ participation fee as well as travel and lodging for exhibitors. The Project will cover costs of booth space rental and design. Fair will take place in February 2010 (*For more details see Sales & Marketing quarterly report*).
- *Anuga Trade Fair Exhibition:* The Project supported members of the Fruits of Serbia Association, to have a joint exhibition at Anuga Trade Fair in Germany in October 2009. Nine processing companies from three sub-sectors, involved in production of frozen fruits and vegetables, exhibited at frozen section of the fair. This was the first time for Fruits of Serbia Association and their members to have a joint exhibition at foreign trade fair. As a result, the association members have contracted sales worth USD 1.39 million, of which USD 0.87 million were executed by the end 2009, mostly to German and French markets. Based on a number of new contacts made during the fair another USD 2.7 million of exports is under negotiations. Vast sales are expected after 2010 harvest.

***Activity 4: New Baby Beef Cluster Serbia***

Key industry players from the baby beef value chain, export licensed slaughterhouses, beef cattle breeders and fatteners, representatives of feed industry, and research institutions, held an inaugural assembly of the new national association named “Baby Beef Cluster Serbia”. They have adopted statute, by-laws and selected association governing bodies. Beef sub-sector is facing with serious challenges in the past years that are now emphasized with global financial crisis. Therefore, the industry sees an association as a way to deal with all those problems. The Project has been involved in the preliminary stakeholders meetings for the forming of national baby beef association, providing advices and explaining types of support that can be provided to strengthen new organization. One of the potential activities is formulation of strategy and branding of the Serbian baby beef product.

## **ABDS & FINANCE – Quarterly Report**

### **October 1, 2009 – December 31, 2009**

#### **OBJECTIVE 1.2: IMPROVING ABDS SERVICE DELIVERY**

##### **➤ ACTIVITY 1.2.1: DEVELOP AN ABDS PROVIDER NETWORK**

#### **Task 1.1 - Develop ABDS network**

The Project's crosscutting activities to build the supply of market-driven services directly to Serbian businesses will include development of generic and value chain specific ABDS network. The Project assisted Enterprise Europe Network (EEN) in organizing and inviting companies to International Matchmaking event on 27th of November, under the 8th International Entrepreneurship Fair „Business Base“ 2009 in Belgrade. Matchmaking event is addressed to entrepreneurs searching for business partners in the food sector. 29 companies from Greece, Montenegro, Serbia, Croatia and Germany participated at the event. They had 53 bilateral meetings where they presented goods and services.

#### **Task 1.2 - Continue work on consolidation – link to cold chain – introducing new technologies**

The Project identified and worked with Lagermax (consolidator company) during Y2 on organizing consolidator services on the national level in the manner that provides Serbian companies with increased opportunities to deliver LTL shipments at competitive rates. As of July first consolidated shipments left Serbia to Montenegro, Austria and some other EU countries.

The Project has organized a series of presentations of Ozone generators, a new and effective technology for fresh fruits & vegetables' shelf-life extension and logistics and consolidation services performed by Lagermax. The presentations of Ozone generators were delivered by Mr. Jonathan Caisley, director of Biofresh, UK. In addition, Mr. Zakula, executive director of Lagermax, has presented to the audience logistics and consolidation services which are also a necessary step to successfully supply export markets with fresh produce. The presentations have been conducted on December 8 in Uzice and Valjevo at premises of respective Regional Chambers of Commerce, and in Belgrade on December 9, 2009, at Hotel IN. A total of 62 participants attended the presentations. Besides representatives of private companies, POs and ABDS providers dealing with fresh fruits & vegetables, officials from Serbia Ministry of Agriculture as well as representatives of USAID-funded projects in Bosnia and Kosovo attended the events as well. All the participants showed a lot of interest in learning about and in applying this technology in Serbia. To assist that process, it was agreed with Biofresh that the USAID Agribusiness Project will where necessary facilitate arranging trial use and/or demonstrations of the technology in Serbia. Lagermax will start to negotiate the introduction of Ozone generators both in warehouse (with Metro CC) and in some transportation vehicles with its truckers.

As a result of promotion and cooperation with the Project Lagermax reported that they have successfully transported goods in total amount of USD 460.000 to EU, Russia and regional countries. More than 50 trucks in both consolidated and single company transport regime were used to ship the goods. The company also reported USD 60.000 income in service values.

#### **Task 1.4 - Prepare and promote new Belgrade Food Show**

During Year Two the Project identified Expo XXI and Belexpo (fair organizers and stand constructors) as possible private trade show providers who are interested in developing food show in Belgrade.

Expo XXI and Belexpo have been successful organizers of various tradeshows as of 1995. Today they are the owners of 2,500m<sup>2</sup> of column free, multi-functional space, having partition walls to adapt the hall shape according to specific requirements, high ceilings to hang banners and lights and underground utilities channels provide technical connections to any part of the hall. They host and organize 10 trade shows per year. The hall size is perfect to organize the initial trade show as we are expecting 100 participants in year one.

It is our plan to grow the Belgrade food trade show in the next three years through service providers to reach minimum 300 companies from Serbia, former Yugoslavia and regional countries and to become the focus point for the food industry of Eastern Europe.

During the award ceremony for individuals that successfully completed the business skills training courses On October 23, 42 companies' representatives filled in a survey on future activities with the Agribusiness project. The companies were very responsive to initiatives that are coming from the project especially the idea of lunching new food show in Belgrade.

On December 23, 2009, the Project organized a presentation of the future food show in Belgrade that local service provider “Belxpo” will organize with our support. All 28 participants expressed interest in this show which has a working name “Pijaca (market) in Belgrade” and it is scheduled for the second half of June 2010. SIEPA, EEN, GTZ and Chamber of Commerce also promised support in many different activities: promotion and attraction of buyers and exhibitors both local and international; organization and bringing interesting speakers for the conference part of the fair; financial support for marketing activities. “Belxpo” announced that all information regarding the show will be available on line as of Feb. 1, 2010 on their website.

We scheduled next meeting for the end of January 2010 where we will present the fair website, logo, media plan and introduce our consultant who suppose to arrive to Serbia at the end of January. The consultant will work both with the fair management and companies to form functional partnership and to organize "Pijaca in Belgrade" in the best possible manner.

#### **Task 1.5 - Management training - capacity building and promotion**

During the Year Two the Project has successfully organized business training program emphasizing several themes: Professional selling skills, Integrated marketing communication, strategic and business plan development, finance for non finance managers and business networking and trade shows. While creating the program we expected that the companies which attend the trainings will be in position to set the proper business strategy, better promote themselves at the markets, understand market needs, increase sales/exports, utilize inputs, improve image and rating, gain easier access to bank loans, and make strategic decisions more wisely.

On October 23rd, the Agribusiness Project organized an award ceremony for individuals that successfully completed the business skills training courses. In total, 103 individuals from 45 companies (representing all six subsectors), have completed the training and have rated it very highly. On behalf of USAID, Mr. James Stein handed over the certificates to representatives of the

companies that sent individuals to this training program. Mr. Stein commented at the ceremony that: **"USAID has supported your training because we want to help Serbian agribusinesses in their efforts to become more competitive in regional and international markets. Our goals of increasing employment in this vibrant sector of the economy can only be achieved by expanding exports and investments in this sector."** Forty-two company representatives were present at the ceremony. These companies have been very responsive to initiatives coming from the Project, and they are looking forward to future business training events organized by the Project. 42 companies' representatives were present at the ceremony and while there they filled in a survey on future activities with the Agribusiness project. The companies were very responsive to initiatives that are coming from the project and they supported further trainings in particular negotiation, business leadership and time and self management. The project will work with service providers as of February 2010 to conduct further trainings in interested fields.

### **Task 1.7 – Improve feed and AI of Livestock and Dairy cows**

During the dairy and beef value chain assessments in year one of SAP, the program diagnosed the dynamics in the dairy and beef industries. It identified a clear segment of both the dairy and beef industries where project assistance would continue to foster growth in the subsectors, addressing key constraints to growth, while also protecting jobs in the more isolated rural areas. In the dairy subsector, the project had identified medium scale dairies with potential to formalize and compete at a regional level inside Serbia, focusing on constraints at both the dairies and in their supply chains. In the beef subsector, the project had identified the constraint of insufficient supply of animals (total tonnage of supply) into the more formal slaughterhouses, and to concentrate on improving the supply from medium to large scale beef fattening operations.

The purpose of this assignment was to carry out further analysis into the overall issue of increasing the quantity and quality of supply of milk from smallholder dairy farmers to the target dairies and beef to the slaughter houses. Earlier analyses had identified possible market failures in the supply of a number of services for livestock, in particular on feed and artificial insemination, which were limiting productivity and the quality of supply of both beef and milk. The research clarified the nature of these constraints and the reasons for the market failures, within the larger framework of the overall value chains and markets for those services. During the analysis, it rapidly became apparent that the market failures in these two areas (feed and artificial insemination) are not extreme, but the problem rather relates to the integration of the whole set of services, linked to the increasing formalization of the dairy industry.

### **Dairy section:**

The model will need to be tailored to the needs of the each participating dairy, based on what they are already doing, the nature of their suppliers and their growth aspirations and business model. Elements to go into the model include:

- selection of farmers by the dairies (in conjunction with dairies);
- training of service providers;
- model farms (from the initial 50 that were in phase 1) linked into a farmer field day program (products from the service providers);
- introduction of benchmarking tools – either hard copy or software (see model from Vet Center) that can provide profitability-financial information, as well as quality information to the farmers and allow them to track their progress.)

- introduce simple tools and technologies that can enhance the knowledge of the farmers and their ability to track issues they are facing.
- introduce a farmer producer organization development component to work in tandem with the pilot project being operated by the grantee.
- establishing a financial solution including dairies, farmers, municipalities and banks. This will include a combination of the solutions below:
  - A commercial finance solution must be one of the options offered, most likely through linking the farmers to the government guarantee/subsidy program which is being run by 23 commercial banks;
  - Promoting embedded finance, using the dairies as providers of primarily short term (though in some cases longer term) finance;
  - The project will not provide any direct finance to the farmers, but will provide a grant to manage the overall framework and facilitation:
    - overall facilitation of the activity;
    - funding for field days; and
    - identification and training of SPs.

### **Livestock section:**

The project's original value chain assessment had identified the opportunity to increase beef production for more export to the EU to meet Serbia's quota and to bring down the price of beef in Serbia. The main challenges in the beef sector are tied to the structure of supply of meat into the formal slaughterhouse system, starting with the animal fattening. The analysis identified the main slaughterhouses as key points of leverage to link into a large number of farmers with medium to large scale animal fattening operations, i.e. those with more than 10 head of cattle. Such farms, which are treating animal fattening like a business, are more susceptible to responding to economic incentives and are likely to invest in improving their production. Three main problems affect the industry:

- There is a shortage of calves coming into the slaughterhouse system for fattening in general, which will tend to be a systemic challenge, unless a clear, economically viable solution is identified;
- cash flow constraints are greatly handicapping the flow of cattle through the formal system; and
- there is inefficient fattening of cattle on the feedlots; it is both slow and more expensive than it needs to be.

There is a very strong overlap between the dairy industry and the beef industry. The economic rationale for keeping cattle in Serbia is tied to milk production and the vast majority of cattle entering the meat market are from dairy farms. So at present, the beef industry in Serbia is essentially a by-product of the dairy industry. This brings many constraints for beef. The cash flow constraints occur at the two main functions in the supply chain for varying reasons:

- Small farmers are rarely linked to financial services, so they have limited working capital to invest in their feeding operations.
- The recently privatized large and medium slaughterhouses have invested much money in improving their facilities. At the same time, they are trying to control the entire supply chain.

The following areas provide opportunities for the project to address the key constraints with the leading firms supplying the industry. The project is already working on some of these, but not yet in other cases. In many cases there is an overlap with the Dairy support activities, which will improve the synergy between project components.

- Slaughter/Processing:
  - improved efficiency of slaughtering/processing activities;
  - increased value added in meat products;
  - improved sales prices for beef that is being produced and exported (better markets);
  - improving their financial capacity through better business management practices
- Animal fattening – lowering cost of production
  - improve farmer understanding of the fundamentals of their business, benchmarking of costs, and ways to reduce expenses;
  - increase efficiency of feed conversion with existing animals
  - Introduce improved breeds of animals being used for the Beef sector – for example Angus is 8% more efficient than Simmental
  - Upgrading the facilities where the animals are being kept to improve animal health;
- Supply of calves:
  - Improve artificial insemination rates in the dairy industry to generate calves more frequently
  - Strengthening ties between fattening operations and the to the larger dairy farms integrating them into the animal fattening chains.
- Improved financing arrangements within the industry
  - Farmers with fattening operations to access loans directly from banks, rather than slaughterhouses (free-up slaughter house money for their core business).

## Next Steps

- Identify more of the larger slaughterhouses;
- Carry out an evaluation of the impact of the trainings that we have already implemented through Agrar Kontakt
- We have a 250 farmer database from Agrar Kontakt. Expand on this to develop a better database, with greater set of contacts in sector;
- carry out a survey of 25-30 of the animal fattening operations. Survey purpose will determine:
  - actual issues of productivity on the farms (feed efficiency, diseases)
  - sources of inputs used to feed the animals
  - profitability
  - trends on the farms (increase/decrease in size)
  - sources of advice and assistance (embedded from slaughter houses
  - incentives to which the farmers will respond – driving forces.
  - major problems they are encountering.
  - determine the internal management tools that the farmers use to track efficiency of production (growth charts? benchmarking? days to finished product?)
  - Design an activity similar to that which was carried out in the dairy sector this past year that will serve as an action/research program, increasing productivity on a targeted number of farms linked to different types of slaughterhouses (firm contract relationships as well as independent suppliers).

## **Issues in the Artificial Insemination Industry**

Improved artificial insemination will lead greater productivity in both the beef and the dairy industries. Successful, appropriately timed, insemination will reduce the number of days that cows go without milk, increasing their annual yield, and will also speed up the reproductive process for producing calves to supply the fattening industry. Two important aspects of the AI industry are (1) insemination to keep the cows lactating, and (2) upgrading the quality of the herd through improved breeds. This latter is usually less of a focus for the small farmers, while it is critical for the large farmers.

There is a steady supply of AI semen to the farmers and a fairly well structured for the delivery of the service, which is in the process of (officially) expanding as the new legislation will allow technicians and on farm staff to do AI insemination with proper training and certification (but these services are already being delivered by technicians on a regular basis according to some sources). There are some inefficiencies in the system, but overall, there is a solid demand for and supply of services.

## **YOUTH & GENDER – Quarterly Report**

**October 1, 2009 – December 31, 2009**

**Component 1: Increased Efficiency & Competitiveness of Agribusiness**

**OBJECTIVE 1.4: YOUTH ENTERPRISE PROGRAM**

### **Introduction**

One of the main objectives of the Project in Year 3 is to institute a sustainable entrepreneurship-based program that encourages new ideas, fosters information sharing, and strategically prepares youth for success within the Serbian agricultural sector. The approach will be to work together with educators, students, parents, government, community and agribusinesses to integrate the concepts and principles of sustainable development into educational policies and school curricula that will enable student and teacher education across Serbia.

### **Implement the second round of the best Business Plans competition**

- The Project Youth Director and Sector Leads reviewed the submitted Business Plans, and made a preliminary list of potential winners (out of 24 plans, 12 have qualified for further evaluation). Marketing, Grants, Procurement and Environmental specialists will continue the process in Q2. Once completed, the Project will organize a public event to award the selected grantees and proceed to procurement process.

### **Introduce Junior Achievement (JA) programs in high schools**

- The Project intends to issue a grant to the Junior Achievement Serbia (JAS) to introduce its programs in 25 specialized Agriculture high schools across Serbia and work on teacher involvement in the entrepreneurship curriculums. JAS Concept Paper has been approved by the COTR, and the Grants, Procurement and Environmental specialists will complete the grant awarding process in January 2010.
- The services that JA provides to the participants include: curriculum that has been developed internationally and modified to the Serbian context, teachers who are trained annually in JA methodology, as well as the opportunities to 1) participate in challenge days and nationwide competitions, 2) compete for a spot on the team that will represent Serbia in Europe-wide competitions, 3) join the JA Serbia alumni organization, 4) participate in an international event in Belgrade in April 2010 which will feature the involvement of JA programs from more than 20 countries, and 5) integrate into European institutions.

### **Advance Internship Programs**

- In addition to continuing activities on the Internship Program among the high school students, the Project plans to expand its focus to the university students. It was agreed with the PPES and JAS programs to get involved more actively in the process of selecting and preparing students and companies for participating in the Internship Program.

**OBJECTIVE 1.5: OTHER CROSS CUTTING ACTIVITIES**

➤ **ACTIVITY 1.5.4: WOMEN ENTREPRENEURS IN AGRIBUSINESS**

The Project will continue assisting selected groups of unemployed women in becoming future entrepreneurs in agribusiness. The Project's partner Agropress submitted a grant application for continuation of the "Women Entrepreneurs in Agribusiness" program, general training in basic management and marketing skills, as well as specific training in financial management, labor and tax law, competitive pricing and networking.



Within its Year 2 training (March-August 2009), Agropress managed to involve 125 women in 6 regions of Serbia. To measure success, Agropress conducted a random phone survey of 35 participants, and the following results have been reported in this quarter (thanks to participation of these women in the training funded by our Project):

1. Sladjana Stankovic has acquired a new tractor (\$20,000) using the Government subsidy to spread onion production.
2. Duska Petrovic founded association "Horizon" for promotion of cheese from southern Serbia. She also plans to purchase more land and to create a mini-farm of milking cows.
3. Jelena Stojkovic is in the process of constructing a private cold storage and is also taking a lead in establishment a local association of agricultural producers.
4. Dusica Basaraba spread production by planting a hectare of apples and cherries and also bought a tractor.
5. Ljiljana Mihajlovic spread production by planting 1.5 hectares of apples.
6. Milica Viomirov took a commercial loan of \$2,000 to maintain current production.
7. Borka Malenica took a loan of \$1,500 for irrigation.
8. Snezana Miletic founded the Association of Women in Agriculture which has officially participated at the Agricultural Fair organized in Krusevac in September 2009.
9. Snezana Kalabic expanded gentian production by 55 acres.

COTR technical concurrence has been granted for our Project to cost-share organization of the "Fair on Rural Development and Women Entrepreneurs in Agribusiness" in Kragujevac to be coordinated by Agropress late January 2010. The fair will last three days and will consist of an exhibition where the exhibitors will be agricultural producers, small and medium enterprises, associations, service providers, etc. and specialized conferences on the following topics: "Balanced regional development of agricultural sector and women in the rural areas" and "Agriculture and the education system".

# ENVIRONMENT – Quarterly Report

## January 1 – March 31, 2010

### I. Introduction & Summary

Over the past quarter, USAID Agribusiness Project efforts related to environmental issues were focused on ensuring Project’s compliance with environmental Regulation 16, along with implementation of the Pesticide Safety & Environmental Education/Certification program, and the Cleaner Production/Technologies program as laid out in the Year Three Workplan.

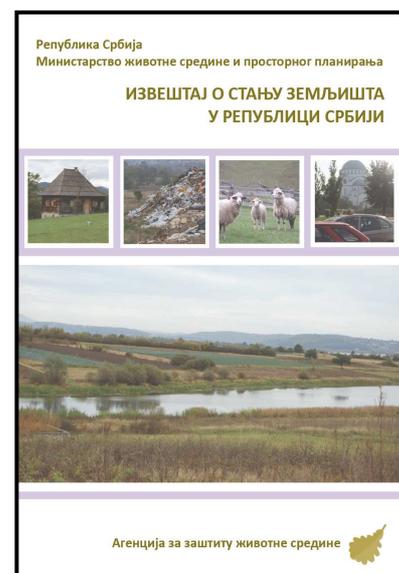
The Project has recognized that most initiatives relative to the integration of environmental concerns in agriculture are being carried out as small isolated activities, and many are still at the pilot phase in Serbia. The scale and scope of these activities reflect the limited capacity of the implementers and the decision-makers, and the general sense is that these projects are difficult to initiate and the results have been mixed. Moreover, there is now recognition that to have any real impact these activities involve a lengthy process which seeks to change the perceptions of those whose responsibility it is to improve the status of the environment in Serbia. Therefore, the USAID Agribusiness Project has developed a Strategy Paper for the implementation of the Pesticide Safety & Environmental Education/Certification (PSEE-SSA) program. The PSEE Strategy was approved by the Ministry of Agriculture (MAFWM) as a basis for achieving the main goal of the Program, which is to strengthen the Ministry’s technical capacities through the establishment of a critical resource mass (ie a trainers network) for the development of a sustainable national SPU educational system. The Environmental Monitoring and Integrated Soil Fertility management Activity was also completed during this reporting period.

### II. Activities Planned & Implemented During the Period

#### *Component 1: Increased Efficiency & Competitiveness of Agribusiness*

1) The Project continued to implement the Environmental Monitoring and Integrated Soil Fertility Management Activity, which was started in the previous reporting period, by recognizing the potential to accelerate the delivery of technical assistance and information. The USAID Agribusiness Project prepared the first for Serbia report on the status of agricultural soils and environmental monitoring in Serbia. Given the significant pressures on natural resources in Serbia, the dynamic state of the environment demands information that is both timely and accurate. As detailed in the Year Three Workplan, taking advantage of this demand required close collaborative relationships with both the Ministry of Agriculture, and the Ministry of Environment and Spatial Planning, to coordinate public messages and environmental policy advocacy.

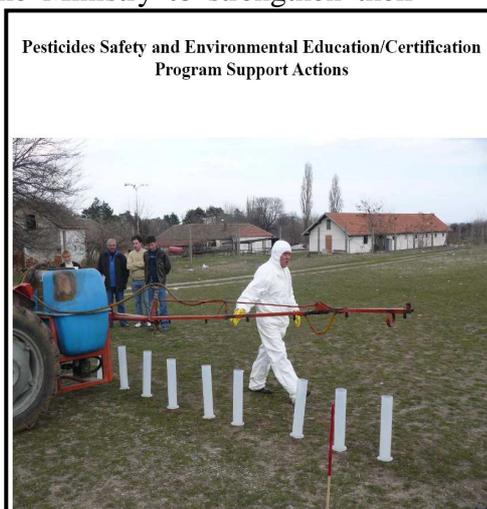
The printed report, [Soil Status in Serbia](#), should serve as a tool for the efficient use of data on soil resources (including data on the profitability and productivity of the agriculture sector). It also examines issues such as a) competitiveness, especially as regards the agricultural sector’s contribution to the nation’s wealth, and b) the viability of farms, related to the potential for farms to survive in the market, including the diversification of sources of income within farming. The report



also brings a social dimension which is called equity – meaning “equal opportunity” – both territorially (between rural and non-rural areas) and sector-wise (between agriculture and other economic sectors), and between men and women in the sector. The issues considered under this report are also opportunities for use and farmers’ access to resources and social services, and the human capital and its characteristics. The environmental dimension of the report concerns management and conservation of soil resources, especially focusing on the protection of soil, showing the pressure of activities such as livestock raising, the use of fertilizers, plant protection products, and other polluting substances. The follow-up activity planned for next quarter is report dissemination to USAID Agribusiness Project partners, and the wider public.

2) The Pesticide Safety and Environmental Education Strategy paper was prepared by the Project’s Environmental Specialist, and approved by the MAFWM as a basis for achieving the main goal of the PSEE Program – that is to provide technical assistance to the Ministry to strengthen their technical capacities through the establishment of a critical mass of resources (technical trainers) for the development of a sustainable national educational system. In order to facilitate the development of the PSEE infrastructure in Serbia, the Project also developed a program of support actions for the PSEE task that will make up the causal chain in the relationships between agricultural production and the three dimensions of sustainability under consideration ( environmental, social and economic dimensions). Implementation of the program of PSEE support actions will begin in the following quarter of the current Project year.

3) The USAID Agribusiness Project reached agreement with the Ministry of Environment and Spatial Planning, (the Cleaner Production Department) on the development of an awareness raising program on the benefits of Cleaner Production technology, environmental and integrated management systems, and product related measures of sustainable business development, which will support the Agribusiness Project's Year Three Cleaner Production Technology program.





# **USAID Serbia Agribusiness Project**

## **Quarterly Report – Year Three, Quarter One**

**October 1, 2009 – December 31, 2009**

### **Annex 4 – Enabling Environment Report:**

**OBJECTIVE 2.1: IMPROVING ACCESS TO MARKET INFORMATION**

ACTIVITY 2.1.1: STRENGTHEN THE SERBIAN MARKET INFORMATION SYSTEM (STIPS)

ACTIVITY 2.1.2: DEVELOP FARM ACCOUNTANCY DATA NETWORK CAPABILITIES

ACTIVITY 2.1.3: ORGANIZE TARGETED AGRICULTURAL STUDIES/SURVEYS

**OBJECTIVE 2.2: FACILITATING LEGAL & REGULATORY REFORM**

ACTIVITY 2.2.1: SUPPORT LEGISLATIVE & POLICY REFORM COORDINATION

ACTIVITY 2.2.2: SUPPORT NEW AGRIBUSINESS POLICY IMPLEMENTATION

# AG INFORMATION & POLICY – Quarterly Report

## October 1, 2009 – December 31, 2009

### Component 2: Improved Enabling Environment for Agribusiness

#### OBJECTIVE 2.1: IMPROVE CROP & LIVESTOCK PRODUCTION ESTIMATES, MARKET PRICE INFORMATION, AND PROVIDE SUPPORTING STUDIES TO THE GOS

##### Task 2.1.1: Strengthen the Serbian System of Market Information in Agriculture (STIPS)

The Agribusiness Project, in cooperation with the Ministry of Agriculture continued with implementation of the project for improvement of the agriculture market information system (STIPS) ([www.stips.minpolj.gov.rs](http://www.stips.minpolj.gov.rs)), which was initiated during the Year 2. The project consists of two components: 1) Program “Market analysis, utilization of information from STIPS and basics of marketing” encompassing interactive seminars and workshops for farmers in 18 reporting centers for STIPS (during the period May 2009 to February 2010) and 2) improvement of software of the agriculture market information system.

**Activity 2.1.1.1:** Over the quarter, the Agribusiness Project worked with the STIPS Working Group and the ABDS provider “Agromreza”, on implementation of the project “Market analysis, utilization of information from the STIPS and basics of marketing”. The experts of the ABDS provider “Agromreza” held six educational seminars about the agriculture market information system, basics of marketing of agricultural products and latest developments in the agricultural market in Serbia and in the region. The seminars were held in Novi Sad (October 16 and 17, 2009), Pancevo (October 21 and 22, 2009), Sombor (November 13 and 14, 2009), Sremska Mitrovica (November 20 and 21, 2009), Subotica (December 11 and 12, 2009) and Zrenjanin (December 17 and 18, 2009).



More than 150 farmers analyzed the developments in the agricultural markets in the region and in Serbia, based on the information available through STIPS. Specific emphases were given on analysis of the agricultural markets for commodities produced in regions in which seminars were conducted. Also, farmers were thoroughly trained in the use of information available through STIPS, including information type, structure, manner

of accessing information, and analysis possible based on the available information (e.g. formation of prices, price structures, alternative markets, and trends in supply and demand, optimal prices of inputs and commodities, production volumes, market surplus, etc).

The experts of the ABDS provider “Agromreza”, with the assistance of the Ministry of Agriculture and Agribusiness Project have developed the educational materials for seminars that encompass: 1. Informational booklet on STIPS; 2. brochure Marketing and Promotion of Agricultural Products; and 3. brochure Agricultural Product’s Market. The publications are also available at the Project’s

website: <http://www.agrobiznis.net/serbian/30/resursi/>. The photo above shows one of the education publications prepared for the seminars.

**Activity 2.1.1.2:** The framework for the implementation of the second component of the project for improvement of STIPS is set by the Memorandum on Cooperation signed by the Ministry of Agriculture, Agribusiness Project and the ABDS provider Radionica Krug in September 2009. During the quarter, the ABDS provider “Radionica KRUG” completed work on improvement of the agriculture market information system’ software. The work encompassed the following: 1. reorganization and redesign of the STIPS website; 2. improvement of the news system; 3. rebuilding the online price database system; and 4. development of the client server application for report analysis.



In order to facilitate work with the improved system, the ABDS provider “Radionica KRUG” held a two-day training (pictures above) on features of the new software for 25 stakeholders directly involved in operation of the system. The training was organized in the period October 12 to 14, 2009 at hotel WAI TAI at Zlatibor. STIPS reporters from 18 extension offices, designated as reporting centers for STIPS, managing authorities for STIPS from the Ministry of Agriculture and Institute for Applied Science in Agriculture (IPN) were informed about the modifications made to the STIPS software and database, trained in the system use, data entering and generating reports based on the modified software and STIPS databases. In addition, participants conducted the SWOT analysis to determine the directions for further system improvement. The information about the training is also available at the website of the Ministry:

<http://www.stips.minpolj.gov.rs/article.php?sid=1208&mode=thread&order=0>

### **Task 2.1.2: Organize targeted agricultural studies/surveys**

#### **Activity 2.1.2.1: Study on Impact of Weather Conditions on Agriculture in Serbia and Modalities of Anti-Hail Protection**

During the quarter, the Agribusiness Project’s policy team conducted preparatory activities for development of the Study on Impact of Weather Conditions on Agriculture in Serbia and Modalities of Anti-Hail Protection. Preparatory activities encompassed development of the initial scope of work for the study, meetings with the representatives of the Ministry of Agriculture, representatives of IFC and experts in hail protection. More thorough work on the study is expected during the next two quarters, as planned.

**OBJECTIVE 2.2: FACILITATE LEGAL, POLICY, AND REGULATORY REFORM**

**Task 2.2.1: Study on the Impact of International Integration of Serbia on Agricultural Sector**

During the quarter, the Agribusiness Project's policy team conducted preparatory activities for the development of the Study on the Impact of International Integration of Serbia on Agricultural Sector. The preparatory research activities encompassed gathering of the necessary documentation including texts of the agreements, compiling of the excel sheets containing parallel information on MNF tariffs, SAA tariffs, tariffs and tariff rate quotas under the free trade agreements and most recent trade data per tariff headings, as well as development of the initial activity overview. Since Serbia started unilateral implementation of the Interim Agreement on Trade and Trade-Related Matters as of February 1, 2009, and on December 7, 2009, the EU made a decision on unfreezing the Interim Trade Agreement, the Agribusiness Project's policy team prepared overview of the SAA and Interim Agreement, outlining general information and implications from application of these agreements. The document has been publicized on the Project's website:

[http://www.agrobiznis.net/documents/RS\\_Overview%20of%20the%20SAA%20and%20Interim%20Agreement.pdf](http://www.agrobiznis.net/documents/RS_Overview%20of%20the%20SAA%20and%20Interim%20Agreement.pdf).

More thorough work on the study is expected during the next two quarters, as planned.

**Task 2.2.2: Preparation of the Guide Book on Integration of Serbia to the EU and CAP**

The Agribusiness Project's policy team developed the activity overview for preparation of the Brochure on Integration of Serbia to the EU and CAP, in cooperation with the Ministry of Agriculture. The brochure outline has been agreed with the department for EU integrations of the Ministry of Agriculture. The main purpose of the brochure is to make the EU issues as closer as possible to the average Serbian farmer, and to make farmers more familiar with the rules and obligations within the European single market in the field of agriculture. The brochure will provide information about the Common Agricultural Policy of the EU, status of Serbian integrations to EU and main effects of integration process on the agricultural sector. In addition, the brochure will focus on farmer's rights and obligations arising from the upcoming EU accession and will give an overview of the system that will be in place in the accession period and at the time of Serbia's full EU membership status. This will include perspectives of the agriculture direct payments, rural development policy and market mechanism measures, with intention to prepare Serbian farmers for the expected impact on their budget and planning. In addition, the brochure will provide answers to specific questions and concerns of farmers with regard to the implications of the integration process on agricultural sector. The Agribusiness Project's policy team is now in the process of selecting the appropriate consultant that will be responsible for preparation of the brochure. The work on the brochure will continue during the next quarter, as planned.

**Task 2.2.3: Provide support to legislative and policy reform coordination**

- The Agribusiness Project launched the Program of Support for Agribusinesses in Serbia for Improvement of the Food Safety and Quality Systems on December 21, 2009. The primary goal of the Program is to enhance the process of introduction and certification of international standards through provision of professional and financial assistance. This Program will contribute to the improving the quality and competitiveness of Serbian agricultural products, and thus facilitate their sales in the world market. Funds from this Program will be designated for financing up to the 50% of the costs for consulting services and up to the 70% of cost of certification services for the following standards:

1. good agricultural practice in accordance with **GlobalGAP** standard;
2. environment management system–**ISO 14001**;
3. food safety management system– **ISO 22000**;
4. organic production – **Organic**;
5. market specific standards: **IFS** and **BRC**.

The deadline for submitting applications is March 1, 2010. The Project distributed information about the Program to various national and local media, LED and USAID offices, Serbian and Belgrade Chambers of Commerce. The Program has been structured based on the survey of potentially interested agribusinesses about their plans and expectations regarding introduction of international quality and safety standards to their businesses. It has also been agreed that the representatives of the Ministry of Agriculture will participate, as a non-voting member, in the meetings of the Reviewing Committee that will evaluate the received applications under the Program. In addition, representatives of the Agribusiness Project will have the same role in the program on international standards for 2010 that will be launched by the Ministry of Agriculture. Relevant Program documentation is available at the Project's website:

<http://www.agrobiznis.net/serbian/31/nabavke/>.

- The Agribusiness Project's Senior Policy Advisor was nominated as the member of the GlobalGAP Working Group established on December 7, 2009 by the Ministry of Agriculture. The Working Group has been formed following the initiation of the Swiss-Serbian Trade Cooperation Program on Technical Assistance in the Field of GlobalGAP. The Working Group should facilitate coordination of activities related to GlobalGAP and other quality standards; develop the strategy for introduction of the quality standards within the farming community; address the priorities, needs and concerns of farmers and agribusinesses with respect to quality standards; and potentially become the GlobalGAP National Technical Working Group. The chairman of the Working Group is the representative of the Ministry of Agriculture, while members encompass representatives of donors, exporters, service providers, large-scale farmers, processors, representatives of the extension service and the Accreditation Body of Serbia. The GlobalGAP Working Group will meet at least semi-annually to review the implemented and plan future activities regarding this standard.
- The Agribusiness Project's Senior Policy Advisor and Berry Fruit Sector Lead participated in the sixth RCI Agribusiness Workshop that took place in Skopje, Macedonia on November 10, 2009. More than 30 participants representing the USAID missions and agribusiness projects from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Bulgaria and Serbia, UNDP Serbia and service providers from Bulgaria attended the workshop.



The discussions covered four main topics: regional market information systems in agriculture; preparation for EU accession; enhancing regional exports; and information exchange. The Project's Senior Policy Advisor presented the Serbian experience with market information system in agriculture and Project's activities to enhance this system; as well as policy measures identified in the Study on the Impact of Global Economic Crisis to Serbian Agribusiness as a suitable tool to mitigate the negative effects of the crisis.

- The Agribusiness Project’s Senior Policy Advisor assisted the Ministry of Agriculture with drafting the answers to the Australian questions received in the course of accession to the World Trade Organization. The questions were received following the 7<sup>th</sup> Working meeting Party on accession of Serbia to the WTO held in July 2009 in Geneva. The questions have primarily dealt with the domestic support programs and export subsidies in agriculture during the accession period, import licensing procedures and technical regulations in agriculture.
- The Agribusiness Project’s policy team prepared information on the Memorandum on Safety of Plant Products Exported from Serbia to Russia. The Memorandum prescribes that shipments of plant products exported to Russia must be accompanied with the report on the laboratory testing on levels of pesticides, nitrate and nitrite residues in plant products, and fulfill safety requirements prescribed in the Russian legislation. The Project, in coordination with the National Association “Fruits of Serbia”, informed Serbian fruit growers and exporters about the requirements prescribed in the Memorandum, authorized laboratories eligible to perform controls, as well as Russian requirements with respect to allowed levels of residues of pesticides, nitrate and nitrite residues in plant product.
- The Agribusiness Project and the Ministry of Agriculture jointly prepared the promotional video on Serbian agriculture that presents potentials of the agricultural sector, focusing on comparative and competitive advantages of Serbian agribusinesses. The purpose of the video is to inform all relevant stakeholders on the features of the agribusiness and widely promote the potentials of doing business in Serbian agriculture.



In order to facilitate further dissemination of the video the Project funded preparation and cover design of 2,000 DVDs with the video through the selected service provider Klik Print. The Ministry of Agriculture will use this video to promote Serbian agribusiness at the 75<sup>th</sup> International Fair “Green Week”, which will be held in Berlin, Germany in the period January 15 to January 24, 2010. The Ministry of Agriculture will continue using the video at international and domestic fairs, investment conferences, workshops, seminars and bilateral or multilateral meetings with representatives of foreign governments, or ministries of agriculture.

- The Agribusiness Project took part in the four-day conference entitled “Improvement of the Extension and Advisory Work” organized by the Extension Service of the Ministry of Agriculture, IPN and USDA in the period December 1 to December 4, 2009 at Zlatibor. The Project’s COP presented initiatives and activities of the Project aimed at developing sustainable agriculture service provider’s network, and viable enabling environment that would enhance competitiveness of Serbian agribusinesses. More than 150 representatives of agricultural extension offices from Serbia, USA, EU and the region, USDA, scientific institutions shared their views on the modalities for organization and improvement of the extension and advisory work. In addition, the Senior Policy Advisor had a presentation on Project’s policy related work, enabling environment and agriculture policy measures at the Counseling of Agro-Economists of Serbia. The purpose of the counseling was to discuss the agrarian and rural policies in Serbia, sustainability of implemented measures and propose agrarian policy measures to be

implemented during 2010 to the Ministry of Agriculture, as well as to celebrate the World Food Day.

- The Agribusiness Project worked with the Ministry of Agriculture, National Association Serbia Organica, GTZ and other donors on development of the National Action Plan for organic production, outlining specific goals and activities aimed at enhancing organic production in Serbia. During the quarter, the Project took part in four coordinating meetings/conferences for development of the National Action Plan. The Project committed to provide support in the area of policy measures, association development, marketing and promotion in organic production. In the policy area, the Project will cooperate with all relevant stakeholders to remove limiting requirements related to importation of fertilizers for organic production and regulate the process of certification of organic production. In addition, in cooperation with the National Association Serbia Organica and GTZ, the Project will prepare the guide for organic operators (farmers, processors, traders, including exporters) on legislative requirements in organic agriculture. In order to enhance the organic production, the Project included Organic Standard in the ongoing Program of Support for Agribusinesses in Serbia for Improvement of the Food Safety and Quality Systems initiated in December 2009.

#### **Task 2.2.4: Support policy implementation**

**Activity 2.2.4.1: Warehouse Receipts (WHR)** – During the quarter, the Agribusiness Project worked with the Ministry of Agriculture on defining the framework for full implementation of the warehouse receipts system in Serbia. Several meetings took place during the quarter gathering representatives of all parties interested in supporting the WHR system, namely, Ministry of Agriculture, FAO, EBRD and USAID. It has been agreed that the future work will be structured around nine modules of activities that would fulfill the following tasks:

1. Provision of the technical assistance to the Ministry of Agriculture and training the key government stakeholders in order to (a) finalize the establishment of the WHR system structural components (licensing and inspection, indemnity fund, electronic register for the warehouse receipts) and (b) develop strategy and introduce support measures for future development/expansion of the WHR system;
2. Creation of the necessary knowledge base within the local financial community to enable WHR-based large scale financing on a and provide opportunity for the EBRD to cooperate with local commercial banks on earmarked credit lines for WR financing;
3. Increasing the awareness of private sector participants – farmers, traders, warehouse operators and processors – on the benefits of using WHR system and help them develop the necessary knowledge base for a proper utilization of the system.

More concrete work on the WHR system will occur during the next quarters, as planned.

# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

## **Annex 5 – Agribusiness Grant Program**

### **Objective 3.1: Agribusiness Grant Program**

Activity 3.1.1: Establish & Manage the Agribusiness Grant Program

Activity 3.1.2: Award Investment Incentive Grants to Client Firms

Activity 3.1.3: Award Capacity Building Grants to POs and ABDS firms

Activity 3.1.4: Award Youth Enterprise Grants to Selected Students

## **GRANT PROGRAM – Quarterly Report**

October 1, 2009 – December 31, 2009

### **Component 3: Program Management & Administration**

#### **OBJECTIVE 3.1: AGRIBUSINESS GRANT PROGRAM**

##### **➤ ACTIVITY 3.1.1: ESTABLISH & MANAGE THE AGRIBUSINESS GRANT PROGRAM**

Pursuant to the Task Order (page 9), the Grants Manual has been updated so as to assure consistency with the strategic objectives of the Agribusiness Project in Year Three, and with the approved budget realignment. The updated version has been included as an annex to the annual work plan submitted to USAID for review and approval.

Revisions in the Grants Program were primarily driven by the current financial crisis, and the resulting unfavorable business environment for new investments (high interest rates, lack of credit programs for agribusinesses, reduced subsidies for agribusinesses, etc.). Accordingly, the Project has decided to use the grant program to adequately address these issues in the selected sub-sectors, and develop the capacity of producer organizations and ABDS providers for delivering general benefit services to their members and clients. Despite the revisions to the Grant Manual, the Grant Program continues to be administered in accordance with provisions contained in ADS, Section 302.5.6, “Grants Under Contracts,” ADS Chapter 303, “Grants and Cooperative Agreements to Non-Governmental Organizations,” and/or within the terms of USAID Standard Provisions applicable to Non-U.S. Non-Governmental Recipients.

During the reporting period, the Agribusiness Project grants review committee approved 23 investment incentive grants with total grant funding of \$397,402. With these grants the recipients plan to invest an additional \$714,828 of their own funds to complete the activities proposed for these grant programs. In addition to these 23 grants, an enabling grant concept paper, with a total budget of \$21,000, has received preliminary approval. Following this preliminary approval a detailed grant application was submitted at the end of December.

To date, the grant review committee has approved a total of 74 grants. Twenty grants have been successfully completed; ten grants were completed during the reporting period, and details regarding these grants are included in this section of the report. Unfortunately, three vegetable growers and an agricultural cooperative, whose grant applications for the introduction of GlobalGAP were approved for funding, cancelled their grant agreements during the quarter. In summary, there are currently 50 approved grant-supported projects (including seven youth grants) in various stages of implementation, and which are scheduled to be completed between January and June 2010. These grant-supported projects are primarily designed to support the marketing and promotion of Serbian food products, as well as introduction of international food safety and quality standards.

##### **➤ ACTIVITY 3.1.2: AWARD INVESTMENT INCENTIVE GRANTS TO CLIENT FIRMS**

During the reporting period, the Agribusiness Project grant review committee approved 23 grant applications submitted in the previous quarter for the investment incentive grants scheme, which was specifically designed to support marketing and promotional efforts. The

approved grant applicants expect to utilize grant funds totaling \$397,402 (which represents 35.7% of the total activity costs) for the design of new packaging for various purposes. The grant programs include the following activities:

- New packaging and labeling to allow companies to shift from bulk to retail sales;
- New marketing and promotional materials to follow new market trends;
- New logos and visual identities for companies, and their products;
- The design of marketing materials for both the export and domestic markets e.g. catalogues, leaflets and other promotional material;
- Website design and other activities aimed at improving the marketing and promotional activities of agribusinesses.

Based on the grant proposals, it is expected that these 23 agribusinesses will generate additional revenue totaling \$11.2 million, and they will create 210 new jobs.

Pursuant to USAID approval requirements, Information Resource Management (IRM) approval must be secured prior to utilizing USAID funds for website development and other IT-related activities. Following the final approval of these grants, the Grants Manger developed a questionnaire to simplify the data collection process with the grantees. The questionnaire was distributed to ten such grant recipients; and whereas the questionnaire is very technical, the grant recipients were instructed to ask their service providers (for web site design) to fill out the questionnaire. The questionnaires, which are properly filled out with all the necessary data will eventually facilitate the IRM approval process. Nonetheless, some of the grant recipients have initiated their grant activities (other than web-site design) upon grant award notification, but most of them required additional time (thru March-April 2010) to successfully complete all their planned activities assuming IRM approval is received in the near future. Further, Mr. Jeff Spear, an international marketing consultant, engaged at the beginning of this grants program to assess the capacity of service providers, as well as to evaluate and validate the grant applicants' marketing ideas, visited several grant recipients and their service providers during the month of December, as to review the marketing material and design solutions developed to the date.

In addition to these ongoing investment incentive grants, eight Serbian agribusinesses completed their investment incentive grant supported activities during the reporting period. Thanks to the Agribusiness Grants Program, four Serbian fruit and vegetable producers (ABD-Prom, Atos Vinum, Grow Rasad and Zdravo Organic) introduced GlobalGAP; Greeny introduced both GlobalGAP and ISO 22000; while Turkovic, a meat processor from Southern Serbia (Sandzak Region) introduced ISO 22000, as one of the first in this sector. Also, the Agricultural Innovation Center, an ABDS provider from Arilje, has been ISO 17025 certified and accredited to conduct official soil and water testing and analysis. Finally, Bilje Borca has successfully completed redesign of their tea packages and labeling, and has already generated additional sales at domestic market in the amount of \$180,000 and export in the amount of \$92,000; and an additional 3 jobs have been created in the grantee's production facilities.

➤ **ACTIVITY 3.1.3: ENABLING GRANTS TO ENHANCE DELIVERY OF PUBLIC GOODS**

Following the COTR's preliminary technical concurrence to the unsolicited concept paper, Junior Achievement Serbia submitted a full grant application and other supporting documents necessary for final review and approval. According to the grant application, Junior

Achievement Serbia plans to utilize grant funds of \$21,100 to integrate an additional 25 agriculture schools throughout Serbia, into a comprehensive extra-curriculum educational program, which covers the topics such as creation of a company, management and operations, applied economics, a computer simulation called “Titan” that allows "companies" of students to compete against one another as they manufacture and market the same products, doing business internationally i.e. *Enterprise without Borders*, financial market and banking sector, business ethics, etc. Through such a business education program, Junior Achievement Serbia raises the awareness of Serbian youth regarding their personal and professional capabilities and potentials, enhances their capacities and their competitive advantage in the job market as qualified employees and future business owners. Also, this program enables Serbian educational and youth development systems to address the youth employment needs in a better way and facilitate involvement of the private sector in these issues. Junior Achievement Serbia’s business education will add value to the existing youth program implemented by the Agribusiness Project in those 25 schools and should contribute to the activities pertaining to the Youth Business Plan Competition in Project Year Three. Once the required assessments and internal reviews are completed, a grant review committee will be scheduled for final review and approval.

During the reporting period, two Serbia-wide training programs supported through the Agribusiness Grants Program were successfully completed:

- (1) *Taurus Agro Consulting* completed a training and advisory program named “Fostering Innovation and Quality Dairy Campaign,” which covered a number of dairy stakeholders throughout Serbia, including 80 farmers and 7 ABDS providers (Vet Station Vrsac, Vet Station Guca, Maxi Farm, Educational Center for Rural Development from Zrenjanin, Lucar Holstein Farms from Deronje, Evrolek from Sabac and CRR Novi Kneževac). However, the key target group consisted of 50 commercial dairy farms operating as businesses with more than 5 milking cows and portable milking equipment. The training program assisted dairy processors to help their farmer suppliers improve the quality and quantity of their milk production. This training and advisory program directly contributed to a 37% increase in the number of cows at participating farms, and milk sales to the processors increased by 450,749 liters of milk (a 57% increase). The quality of the milk also noticeably improved, with the average milk fat increasing by 3.4%, and the average protein content increasing by nearly 2%. Based on preliminary data, these improvements have resulted in a \$220,000 increase in milk sales revenue for participating farms, two new farms were established, and an additional 14 jobs were created with the Project assistance; and
- (2) The Agricultural Innovation Center in Arilje successfully completed a training and advisory program on blueberry growing, which included topics such as plant development, post-harvest cleaning, pruning and fertilization of the blueberry farms and protection from diseases, pests and weeds, etc. According to the final report, the training on blueberry production generated significant interest throughout Serbia; and 500 copies of a guidebook on blueberry production was prepared by the Agriculture Innovation Center and distributed to the attendees. The Agricultural Innovation Center provided free-of-charge water and soil analysis to 138 farmers interested in blueberry production.

➤ **ACTIVITY 3.1.4: AWARD YOUTH ENTERPRISE GRANTS TO SELECTED STUDENTS**

During the reporting period, the USAID Agribusiness Project completed the procurement process for three youth grants – Business Plan Competition winners – who requested agriculture equipment for their start-up businesses (greenhouses, components for the small-scale irrigation systems, etc.). Following the RCO approval, the procurement process for the remaining four youth grants will be conducted accordingly.



# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

## **Annex 6 – Project Communications**

### **Objective 3.2: Project Communications**

Activity 3.2.1: Develop & Implement a Project Communication Strategy

Activity 3.2.2: Create and Manage an Agribusiness Project Web Site

## COMMUNICATIONS – Quarterly Report

October 1, 2009 - December 31, 2009

### Component 3: Program Management & Administration

#### OBJECTIVE 3.2: PROJECT COMMUNICATIONS

##### Activity 3.2.1: Develop & Implement a Project Communication Strategy

As media are one of the key target groups within the Project Communication Strategy, a continuous effort has been made to inform them of Project activities and results. A number of tools are being used in this effort: Press Releases, Media Invitations and Advisories, Media room and the News segment on the Project web site, as well as sharing updates with the Association of Agricultural Journalists ‘AGROPRESS’. Due to the excellent cooperation with AGROPRESS, information on Project activities are shared among the Association’s members. In order to assist the media in their work, and to share with the general public quality information regarding project implementation – the RESOURCES page of the website is continuously updated with new materials: publications, presentations, research papers, and documents. To mention some of the most recent ones: Overview of the SAA and Interim Agreement, Marketing in agriculture, Ozone generators as a new technology in crop storage etc.

The web site is also used as a tool to inform the media, and the general public, regarding relevant upcoming events (for example: the Fruitlogistica and Biofach international fairs, and the Rural development fair in Kragujevac), and ongoing Requests for Proposals (the latest one being: the Program on International Food Quality and Safety Standards). Overall, the Project website has proven to be an effective and reliable means of providing Project information to various project target groups. Significant increases in the number of new, unique, visitors to the web site, as well as a steady number of returning visitors, shows that the web site offers up to date, relevant, and beneficial information to its visitors.

- The website was visited by **3,756** people during the first quarter (Oct-Dec 2009)
  - Of this number, **55%** (2,074) were **new visitors**, as shown in the graph below.
- There were **2,276** unique visitors this quarter, which was nearly 1,350 more unique visitors than was recorded during the previous quarter (see the parallel visitors’ overview below).



Due to continuous and focused efforts devoted to maintaining good media relations, the Project continued to receive extensive local and international media coverage.

**Media Coverage:**

<b>OCTOBER</b>			
<b>Print</b>	<b>TV</b>	<b>Internet</b>	<b>TOTAL</b>
<b>10</b>	<b>4</b>	<b>8</b>	<b>22</b>
<b>NOVEMBER</b>			
<b>Print</b>	<b>TV</b>	<b>Internet</b>	<b>TOTAL</b>
<b>5</b>	<b>6</b>	<b>1</b>	<b>12</b>
<b>DECEMBER</b>			
<b>Print</b>	<b>TV</b>	<b>Internet</b>	<b>TOTAL</b>
<b>7</b>	<b>7</b>	<b>11</b>	<b>25</b>

**Media Coverage Breakdown by Event/Activity:**

**During the month of October:**

- Business Skills Training Program organized by the USAID Agribusiness Project (3)
- USAID Agribusiness Project & AGROPRESS Women Entrepreneurs Program (2)
- National Agribusiness 2010 Conference organized in partnership with AGROPRESS and the support of the Ministry of Agriculture. (6)
- Success of Serbian exporters during International Fairs in Germany and Russia. (9)
- USAID and the Republic of Serbia Ministry of Agriculture initiate a nation-wide project for improvement of the Agricultural Market Information System (STIPS) of Serbia. (1)
- Foodland – a success story – mention of the Project support (1)

**During the month of November:**

- Accreditation and ISO standard certification for the Agricultural Innovation Center in Arilje, completed with the Project support (2)

- Successful participation of Serbian companies at the Anuga International Trade Fair, with Project support (2)
- National Conference on Agribusiness in Serbia in 2010 - International integrations and perspectives – organized by AGROPRESS, with the support of the Ministry of Agriculture and the Project (1)
- Fifth anniversary celebration of the AGROPRESS Association, and the cooperation with the USAID Agribusiness project (2)
- The Ethno Food Fair in Belgrade – mention of Agribusiness Project support (1)
- Project support for Women in Agribusiness and AGROPRESS (1)
- Informing the public on Project goals and results – TV interview with Remer Lane (1)
- Project support to one of the blueberry cooperatives (1)
- Presentation of Report on status of environment in Serbia- Project supported the National Conference on the Status of the Environment (1)

**During the month of December:**

- Announcement of the forthcoming Agribusiness Project supported Rural Development Fair in Kragujevac (9)
- Call for Proposals – Program for the introduction of, and certification in, international food quality and safety standards (7)
- Launch of the USAID Agribusiness Project’s Training Program for cooperatives (4)
- Fifth anniversary of the AGROPRESS Association and its cooperation with the USAID Agribusiness Project (1)
- Mention of successful cooperation with the Project within the interview of President of the AGROPRESS Association (1)
- A success story on Lazar Dairy and cooperation with the Project (1)
- Successful participation of Serbian companies at the Anuga International Fair, with Project support (1)
- Promotion of the Project - interview with Remer Lane (1)

**Project Sponsored or Hosted Media Events:**

Over the course of the quarter, the Project organized, and/or took part in, numerous public events which generated positive press coverage, and which provided the USAID Mission and the Embassy with opportunities to participate. These events included the following:

- **Award of Certificates to the participants of the Business Skills Training Program:** This event took place on October 23<sup>rd</sup> at the Hotel Zira in Belgrade. Mr. James Stein, the Economic Growth Office Director from USAID presented the certificates to participants in this program, which trained 103 individuals, representing 45 Serbian companies. These participants came from all six of the Project sub-sectors, and they received training in the following business areas – marketing, sales, and finance. Several media outlets covered this event and included it in their reporting.
- **Opening of the National Conference on the Status of Environment in Serbia:** On the 11<sup>th</sup> of November 2009, in Belgrade, the Project organized this Conference, in collaboration with the Ministry of environment (the Assistant Minister participated in the opening ceremony at the event). The annual report on the State of the Environment in Serbia was presented to the public. This event received national and local (Pancevo) media coverage.

- **AGROPRESS Annual Cocktail – Fifth Anniversary Celebration:** As one of the AGROPRESS Association's most important partners – the Agribusiness Project was invited to take part in this event which was held on November 18<sup>th</sup> in Belgrade. Ms. Marilyn Schmidt, the Deputy Mission Director from USAID, who is an honorary member of AGROPRESS, gave the opening speech and two interviews to national media on this occasion. The significant contribution being made by the Project to the Serbian agribusiness sector was emphasized by the Serbian Minister of Agriculture, as well as by Association representatives and other speakers at the opening ceremony. This event received considerable media coverage.

#### **Other Media Coverage Generating Activities:**

- **International Fairs**

The **ANUGA Fair in Cologne** took place from the 10<sup>th</sup> to the 14<sup>th</sup> of October. Media related activities included a local (Serbian) and an International Press Release. The International Press Release was distributed a few days prior to the beginning of the show, together with the Buyer Invitations. The Marketing Department mailed Buyer Invitations to targeted buyers. The Local Press Release was distributed a day prior to the beginning of the fair, as well as after the fair, and it included information regarding the impact of the trade fair on the participating businesses. The Web site News section was also updated with this info.

In preparation for the **forthcoming Fruit Logistica (3-5 Feb) and Biofach (17-20 Feb) fairs** – full color advertisements were prepared – one page for Fruit Logistica and a half a page for Biofach, which will appear in the next edition of Eurofruit magazine, an international trade magazine covering mainly the EU market. The aim of this marketing activity is to support the participation of Serbian companies in these two fairs, by drawing attention of potential buyers to the participating by Serbian companies and informing them of the location of the Serbian stands.

- **Call for Proposals:**

In order to promote the new Program on international standards – a series of advertising and public relations activities and events were implemented. An advertisement was placed in the daily newspaper Politika, and all the documentation on the program was made available on the Project web site. A Press Release was sent out to Serbian news agencies, and to selected media, and the News section on the web site was updated as well. These efforts resulted in extensive media coverage, and a spike in the number of new visitors to the Project web site.

# **USAID Serbia Agribusiness Project**

## **Quarterly Report – Year Three, Quarter One**

**January 1, 2010 – March 31, 2010**

### **Annex 7 – Administration & Personnel**

#### **OBJECTIVE 3.3: GENERAL PROJECT ADMINISTRATION**

ACTIVITY 3.3.1: PROJECT ADMINISTRATION & PERSONNEL MANAGEMENT

ACTIVITY 3.3.2: PROJECT STAFF MENTORING & TEAM BUILDING EFFORTS

ACTIVITY 3.3.3: CONSULTING SUPPORT FOR PROJECT IMPLEMENTATION

## **ADMINISTRATION & PERSONNEL – Quarterly Report**

January 1, 2010 – March 31, 2010

### **OBJECTIVE 3.3: GENERAL PROJECT ADMINISTRATION**

#### **➤ ACTIVITY 3.3.1: PROJECT ADMINISTRATION & PERSONNEL MANAGEMENT**

During this reporting quarter the project has not had any significant changes in personnel. One employee returned from sick leave, and one employee was transferred to the newly opened Nis field office pending final selection of the personnel for that office. Details regarding the personnel changes are as follows:

One staff member returned to work, following an extended sick leave:

- Ms. Darija Radulovic, the Administrative Assistant and Translator for the Novi Sad field office returned, from to work from an extended sick leave on March 29<sup>th</sup>, 2010.

One employee was transferred to the Nis office during the quarter:

- Mr. Milos Stojanovic, the Youth Grant Program Assistant was transferred temporarily to the Nis field office on March 29<sup>th</sup>. This transfer is considered temporary for the time being, until the selection and hiring process for the new staff at the Nis office is completed. Mr. Stojanovic is a candidate for the Program and Administrative Assistant position in Nis, and will be considered on an equal basis with all the other applicants for this position.

Project management have also gone ahead and completed the necessary logistical arrangements for the establishment of the new field office in Nis. An office site has been selected and a lease agreement has been signed, necessary improvements and modifications to the office have been completed, and office furniture and equipment have been put on site. The office is now open and operational, but the final selection of staff for the office will take place in the coming quarter following the approval of the Agribusiness Project budget modification.

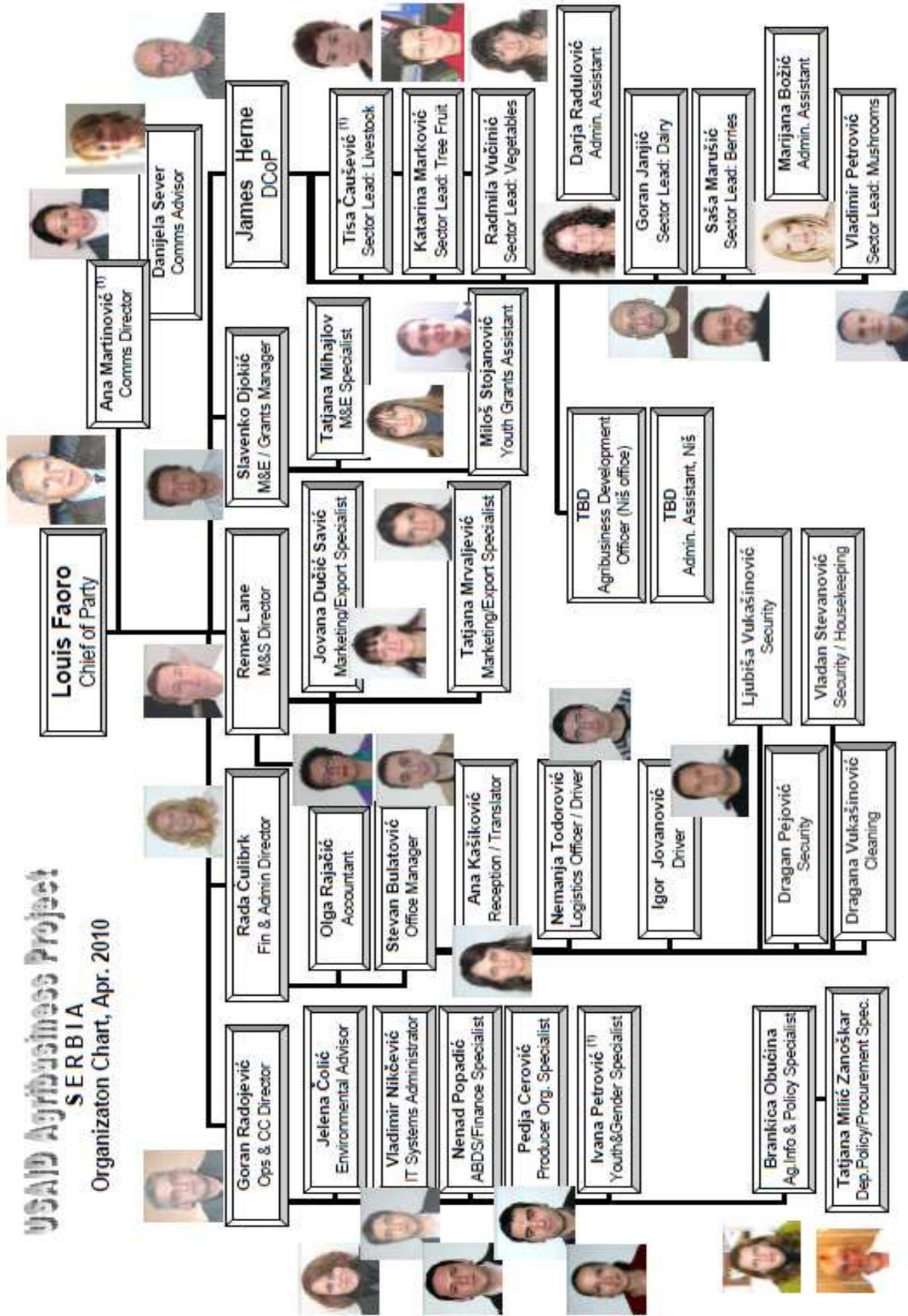
As the Project grows and matures, the Organizational Chart has continued to change based on the current staff compliment. A copy of the current Organizational Chart is provided on the following page of this report.

#### **➤ ACTIVITY 3.3.2: PROJECT STAFF MENTORING & TEAM BUILDING EFFORTS**

Efforts to develop a staff mentoring system, and a performance evaluation program, began in Year Two and continued with an STTA by Ed Salt, a personnel management consultant from the Training Resources Group, in May of 2009. During this past quarter there have been no new developments on this element, although discussion of future assistance from Ed Salt will be a topic of discussion for the Year Four Workplan conference planned for late May 2010.

#### **➤ ACTIVITY 3.3.3: CONSULTING SUPPORT FOR PROJECT IMPLEMENTATION**

The Project continues to utilize the services of STTA consultants, both expatriate and local, to support the in-country staff on their implementation activities. Over the course of the past quarter the Project brought in four expatriate consultants, and completed five local STTA assignments using the services of four separate consultants. It is expected that the number of consultant assignments will increase in the coming quarter, as the production season begins and technical assistance can be provided “in the field”.



**NOTES:**  
(1) Ana Martinović, Nana Petrović and Tisa Čaušević on Maternity leave;

# **USAID Serbia Agribusiness Project**

**Quarterly Report – Year Three, Quarter One**

**January 1, 2010 – March 31, 2010**

## **Annex 8 – Project Impact Report**

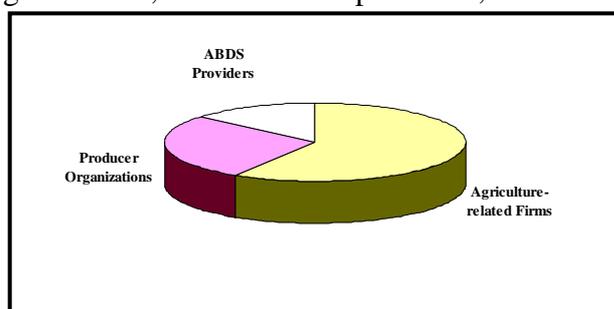
- 1. Number of Client Firms Assisted this Quarter**
- 2. Sales Results Reported by Client Firms**
- 3. Employment Generated by Client Firms**
- 4. Results Segregated by Client Firm Type**

## PROJECT RESULTS & IMPACT – Quarterly Report

January 1, 2010 – March 31, 2010

Consistent with the methodology used for data collection in the previous quarterly client impact surveys, data were collected from client firms and producer organizations that have generated sales, employment, and/or other impact results during the past quarter. Project staff were careful in the survey to insure that the impact results recorded are attributable to Project assistance provided during the reporting period, or assistance provided at any time since the inception of the Project. For this quarterly survey, the following impact results have been reported:

- A total of 52 clients received Project assistance during the reporting period; 30 agriculture-related firms (including one farmer), 14 producer organizations, seven ABDS providers, and one youth NGO. To date, a total of 368 clients have been registered in the TAMIS system, with 306 clients being active at this point. The Project has also signed 157 MoU's with client firms. The graph at the right shows the breakdown of clients by type.
- A summary of assistance provided to the clients that reported results is as follows:



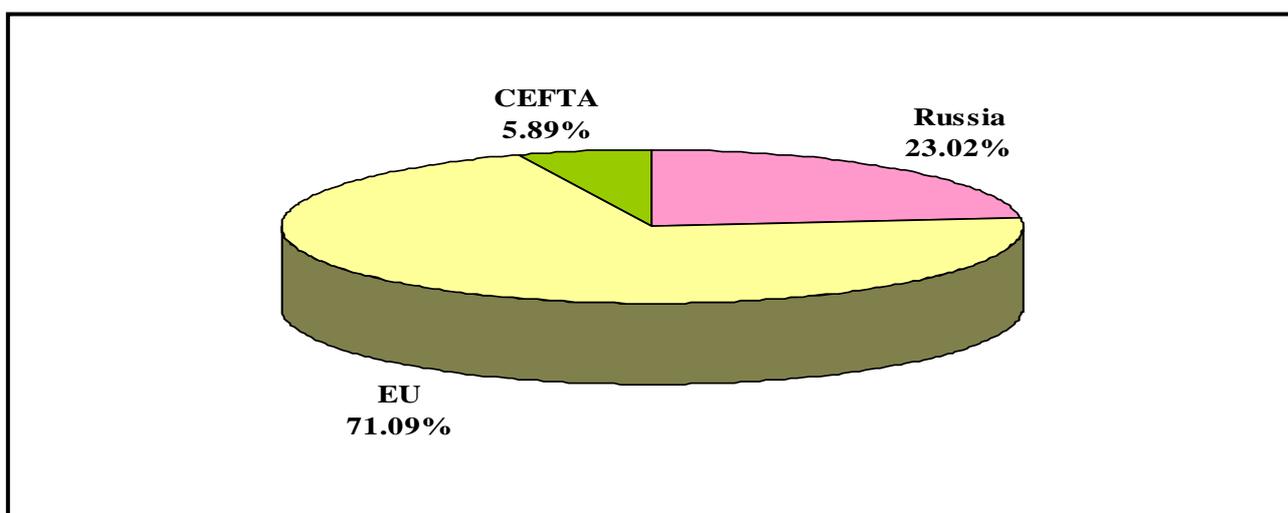
- A total of **838** attendees were registered at the various training programs and workshops organized by the Project, which included training program on fruit and vegetable market research, dairy farm management campaign presentations to MEGA LED offices, farm management training for vegetable producers and ABDS providers, and training on apple post-harvest management and CA storage management. Two grant awards were approved this quarter to support the following training programs: Junior Achievement's Titan Simulation Day and Banks in Action Training, Challenge Day Skills@Work and trainings for the new schools and teachers, a part of Grant EG-FY-3-24, *Introduction of Junior Achievement in Agricultural High Schools in Serbia*; and Beef Quality Assurance and Farm Management, a part of the Grant EG-FY-3-25, delivered by Agrar Kontakt.
- In addition to the training programs and workshops, a series of two-day seminars on market analysis, the use of STIPS information, and the basics of marketing were organized in Zajecar and Mladenovac for 82 participants. Also, the USAID Agribusiness Project supported the Food Safety Conference organized by Agropress for 192 participants. A two-day event - JA Principals' Annual Conference, a part of Grant EG-FY-3-24, *Introduction of Junior Achievement in agricultural high schools in Serbia*, was held on 11-12 March, 2010 at Zira Hotel Belgrade for 70 participants.
- A total of 13 companies attended the FruitLogistica Trade Fair which was held in February in Berlin, Germany. The USAID Agribusiness Project also helped seven companies to take part at the Biofach Organic Trade Fair in Nuremberg, Germany, which in February as well.
- A total of 38 agribusinesses (32 agriculture-related firms, four producer organizations, and two ABDS providers) reported the following results directly attributable to Project assistance:

*Sales*

Sales Contracted	Sales Delivered	Sales Under Negotiation
\$10,973,880	\$4,165,880	\$9,925,000

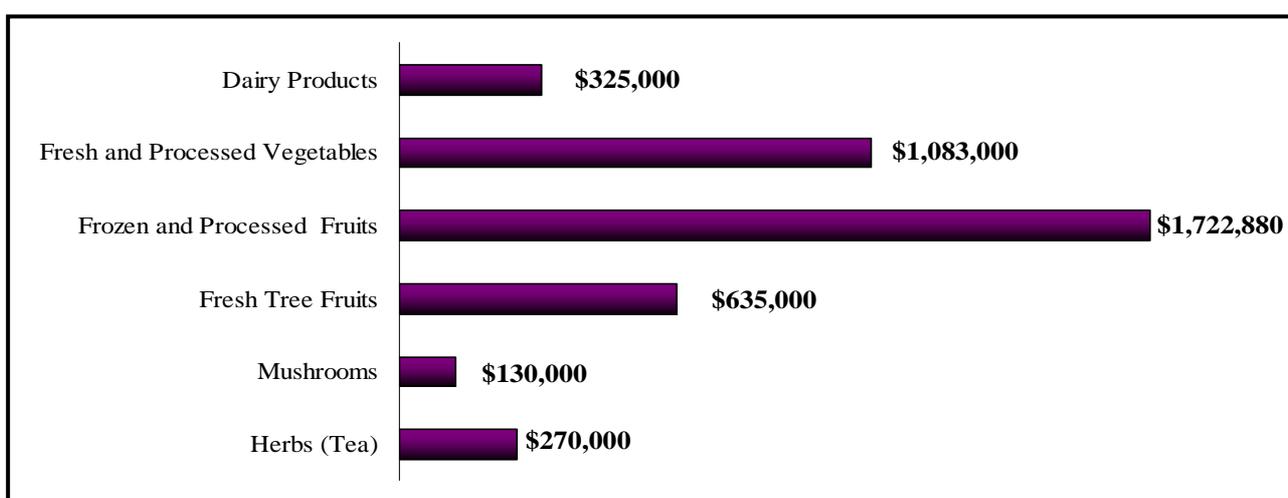
- A total of 77% of the contracted sales, and a total of 73% of the delivered sales were for destined for exports.

*Y3Q2 Delivered Export by Countries/Regions*



- Exports to Europe accounted for over 70% of the total delivered exports; these were primarily frozen and processed fruits and vegetables, as well as teas, spices, fruit juices and jams. Exports of \$2,161,880 went to Germany, the Netherlands, France, Belgium, Poland, Switzerland and Slovenia. Fresh tree fruits and processed vegetables with a total value of \$700,000 were exported to Russia, which is significantly lower than what was reported in the previous quarter. Surveyed firms also delivered fresh vegetables, and processed fruits and vegetables, valued at \$158,000 to Bosnia and Herzegovina, and processed fruits valued at \$21,000 were delivered to Montenegro.

*Y3Q1 Delivered Sales by Commodities*



- Sales of fresh, frozen, and processed (tree and berry) fruits together accounted for 57% of the total delivered sales reported this quarter. Sales of fresh and processed vegetables accounted for 26%, while the sales of milk and dairy products account for nearly 8% of the sales reported. The sales of herbs and spices accounted for 6.5%, and the sales of mushrooms accounted for 3% of the total value of all delivered commodities this quarter.

### ***Employment***

- Client organizations reported a total of 46 new full-time jobs created this quarter (with 60.8% being women, and 17.4% are youth). To date the Agribusiness Project has contributed to the creation of 4,059 jobs (i.e. 286 full-time jobs, 281 part-time jobs and 3,492 seasonal jobs), which is ahead of the cumulative target of 3,000 jobs for the first three years of the Project.

### ***Results by Beneficiary Categories***

Project survey results, and the data in the TAMIS system, have been analyzed and disaggregated into the following groups of Project clients, in accord with PMP requirements:

#### ***Producer Organizations:***

- A total of 14 Producer Organizations received Project assistance during the reporting period.
- Four Producer Organizations reported sales deliveries directly attributable to Project assistance with a total value of \$530,000. This amount is part of the contracted sales of \$3,042,000, and an additional \$640,000 of sales under negotiation. The “Jovan Tucakov” Association for Medical and Aromatic Plants reported the delivery of herb products amounting to \$30,000, from a contracted sales value of \$130,000. The Fruitland association reported exports to Russia totaling \$100,000, while ZZ Prima Borovnica is negotiating sales worth \$240,000. The Serbia Organica National Association reported member sales totaling \$400,000, out of a total contracted amount of \$1,912,000. These sales were a direct result of the joint exhibition of Serbia Organica members at Biofach in Nuremberg, Germany in February 2010.

#### ***Agriculture-related Firms:***

- A total of 30 agriculture-related firms received Project assistance during this reporting period, with 32 of these agriculture-related firms reporting sales and employment results directly attributable to Project assistance during, or prior to, this reporting quarter.
- A total of 62.5% of the assisted agriculture-related firms that participated in the survey (i.e. 20 agriculture-related firms) employ up to 50 workers, and have an annual turnover of up to \$10 million. Eleven firms employ between 50 and 250 workers, and have an annual turnover over \$10 million, and only one firm (Vino Zupa) is considered a very large firm as it has more than 250 employees and an annual turnover of over \$50 million. These data shows that Project assistance is primarily focused on the Serbian SME sector.

#### ***ABDS Providers:***

- Seven ABDS providers received Project assistance during this reporting period. Two ABDS providers reported sales revenues attributable to Project assistance, and the total amount reported was \$160,000. These sales revenues are primarily for the provision of consolidation services and advisory assistance.



# **USAID Serbia Agribusiness Project**

## **Quarterly Report – Year Three, Quarter One**

**October 1, 2009 – December 31, 2009**

### **Annex 9 – Project Weekly Reports**

- 1) Weekly Report – Week of January 4<sup>th</sup>**
- 2) Weekly Report – Week of January 11<sup>th</sup>**
- 3) Weekly Report – Week of January 18<sup>th</sup>**
- 4) Weekly Report – Week of January 25<sup>th</sup>**
- 5) Weekly Report – Week of February 1<sup>st</sup>**
- 6) Weekly Report – Week of February 8<sup>th</sup>**
- 7) Weekly Report – Week of February 15<sup>th</sup>**
- 8) Weekly Report – Week of February 22<sup>nd</sup>**
- 9) Weekly Report – Week of March 1<sup>st</sup>**
- 10) Weekly Report – Week of March 8<sup>th</sup>**
- 11) Weekly Report – Week of March 15<sup>th</sup>**
- 12) Weekly Report – Week of March 22<sup>nd</sup>**
- 13) Weekly Report – Week of March 29<sup>th</sup>**



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of January 4, 2010  
COTR: Djordje Boljanovic

**BERRIES/HERBS:** At the end of December the Project assisted in the establishment of two new national associations, one for herb processors and exporters (Serbian Flora), and one for the blueberry industry (Serbian Blueberry). Key companies in the herb sector, representing more than 60% of the Serbian market, are the founding members of the herb association. In the blueberry sector 20 companies are the founding members, representing producers, input suppliers, and ABDS providers. The Project provided consulting services to these companies understand the new Law on Associations, to develop the association's internal rules & regulations, and to assist them with registration and other legal issues. The associations will address policy & regulatory issues, facilitate information exchanges, and organize participation in international trade shows. As a next step, the Project will assist these associations to become true national representatives of their industries. The picture at right shows the blueberry group voting on an issue related to the formation of the association.



### **Other Project Activities:**

- **Grants Program/M&E:** The Project's first quarterly results survey for Project Year Three has been completed, and a total of 42 agribusiness firms from five sub-sectors participated in the survey. The survey has shown that these firms reported delivered sales of \$5.7 million this quarter, based on a total of \$9 million in signed contracts. These firms also reported an additional \$8.2 million of potential sales contracts still under negotiation. A total of 66 agribusinesses received Project assistance during the past quarter, while Project-funded workshops and training programs recorded a total of 279 attendees.
- **Tree Fruit/Grants:** Four companies from the Tree Fruit Sector, which all have Grant agreements as part of the program to support the introduction of international standards, have received their final international standard certificates. Copies of the certificates, with other necessary documentation, were delivered to the Project with the grantee's requests for final reimbursement by December 31st. These companies, which have introduced GlobalGAP and/or ISO 22000 into their production and storage processes, have delivered fresh apples and frozen tree fruits worth more than \$840,000 with these certifications to date. These companies expect these certificates will give them a significant advantage during their current, and up-coming, negotiations with buyers from the EU and Russia.
- **Dairy/Grants:** The Nis Dairy has reported a total of \$128,000 in new sales revenue as a result of Project support for their introduction of new milk brand named "Robi". Robi is new fluid milk brand that is targeted at children, to encourage them to drink more milk. This marketing campaign has been developed with support from a Project grant for marketing and packaging development.
- **Policy/Ag Info:** The Project's Senior Policy Advisor participated in the presentation of the pilot project: "Enhancing the Profitability of Agricultural Production Through the Improvement of Market Information Systems and the Establishment of Local Agricultural Producer Groups" which was organized by the Ministry of Agriculture. This meeting was held at the Japan International Cooperation Agency (JICA) Balkan Office, in Belgrade. Experts from the Serbian Ministry of Agriculture participated in a one-month training course on how the profitability of agricultural production has been enhanced in Japan. The pilot program is an attempt to transfer the knowledge obtained in the course to Serbian farmers.
- **Dairy/Environment:** The Agribusiness Project will assist GHD Inc. (a private firm from Wisconsin specializing in waste management technologies) to develop a detailed feasibility study for the application of their technology to the dairy farm owned by Lazar Dairy in Blace, Serbia. The feasibility study will assess the applicability of GHD technology to Serbian dairy farms in general, and at the Lazar dairy farm in particular. The Project has engaged a local consultant, Ms Danijela Ilic, who will collect and analyze relevant information and data on the farm, and other waste sources, and assist with the study.



**USAID Serbia Agribusiness Project – Weekly Report**

Week of January 11, 2010

COTR: Djordje Boljanovic

**MARKETING & SALES/GRANTS:** Project staff met with the acting Malaysian Ambassador, Mr. Amizalto, to discuss collaboration with the Embassy, and other organizations, on Serbia's participation in MIHAS 2010 – the Global Halal Marketplace. He is very supportive of Project efforts to collaborate on the MIHAS Fair, and on other opportunities. He will assist us with organizing B2B meetings in advance and additional contacts with Malaysian companies following the fair. He also confirms that Malaysian Halal certification is not a pre-requisite for firms participating in the fair. He will also assist us to make contacts with Halal Malaysia at MIHAS. The Ambassador will support our efforts to organize the Belgrade Fair planned for early June. The Project has also met with the Serbian Halal Agency, and discussed their collaboration in the MIHAS Fair. The Agency will submit a concept paper for a grant to support 10 Serbian food companies to present their products at MIHAS, and the Agency will support the new Belgrade Food Show now being organized by the Project.



**Other Project Activities:**

- **Grants Program:** The Project has provided an interim payment to Niska Mlekara of \$23,000 following the completion of their design activities for a new dairy product packaging and marketing campaign under the terms of their grant agreement (*Launching a new milk product for kids – "Robi" milk*). During the week, the Grants/M&E Manager also met with: (a) Junior Achievement to discuss pending issues pertaining to their grant application to support the Project's youth program; and (b) an ABDS provider and a group of fruit producers from Subotica regarding a potential grant for a testing laboratory.
- **Policy/Ag Info:** The Project, in cooperation with Agromreza and the Ministry of Agriculture, has completed the 17<sup>th</sup> in a series of two-day seminars under the activity: "Market Analysis, Utilization of Information from STIPS, and the Basics of Marketing". The seminar took place in Zajecar, and farmers from the region were educated about regional and national agricultural markets, based on the information available through STIPS. The last training seminar in the series will be held in Belgrade, next week.
- **Communication:** The Project's Operations Director was a guest on the Kopernikus TV morning & early afternoon program "Jutro" where he spoke about Project support for women entrepreneurs in agribusiness. The interview lasted about 20 minutes, and he also announced the forthcoming Rural Development and Women in Agribusiness Fair which will be held in Kragujevac later this month.
- **Berry Fruit/Producer Orgs:** The Berry Sector Lead travelled to Arilje to meet with members of the Managing Board of the recently established Serbian Blueberry association to advise them on strategic planning, and to facilitate the finalization of their registration process. At the meeting deadlines were agreed to for the most important next steps: NASB registration with Serbian Business Registers Agency - end of January; completion of association strategic and 2010 activity plans – end of February.
- **Herbs & Mushrooms/Producer Orgs:** The Sector Lead and the Producer Org Specialist worked with Mr. Radisav Busic, the President of new herb association "Serbian Flora", to complete all the necessary documents needed for registration. The new association will be officially registered within 30 days. In addition, information on the association was published in Agropress, Agronews and Poljopartner, thanks to assistance from the Communications Advisor. The Project has also linked "Serbian Flora" with the television station "Kopernikus", and arranged for Mr. Busic to participate in a TV show on January 20<sup>th</sup>.
- **Policy/Communications:** The Senior Policy Advisor gave an interview regarding the Project's grant program to Improve Food Safety and Quality Standards to the local magazine "Business Ideas". The magazine is oriented towards small and medium scale private enterprises and the Serbian business community in general. The next issue of the magazine will provide detailed information about the principles, requirements and benefits of the GlobalGap standard. The Senior Policy Advisor presented Project efforts to assist businesses wishing to pursue this, and other, standards.



**USAID Serbia Agribusiness Project – Weekly Report**

Week of January 18, 2010

COTR: Djordje Boljanovic

**COMMUNICATIONS:** The Project's Operations Director, Goran Radojevic, participated in a press conference in Kragujevac on Friday to announce the Rural Development and Women in Agribusiness Fair, which will take place at the Kragujevac Sajam from January 29<sup>th</sup> to the 31<sup>st</sup>. Other participants at this event included the State Secretary of the Ministry of Agriculture, and a representative of the Mayor of Kragujevac. The conference was very well attended by local, regional, and national media, including the BBC reporter based in Kragujevac.

After the Press Conference, Goran gave an interview to the local Kragujevac TV station, where he provided details on Agribusiness Project assistance and support to women entrepreneurs, and the general development of Serbian agribusiness. The picture at the right shows Goran (at the far right), and the other participants, speaking with the press at the event.



**Other Project Activities:**

- **Dairy/Environment:** Project consultant Danijela Ilic has submitted the first report on her activities to the Project and to GHD, Inc. in Wisconsin. Danijela is collecting basic information that will be used by GHD to prepare a feasibility study for the application of their digester technology at the Lazar Dairy Farm which is located in Blace. Danijela has also collected samples of materials from the dairy plant and the farm, and sent them to a laboratory for analysis. The results of these analyses, along with information on the use of alternative energy sources, will be provided to GHD in the coming week. It is expected that this study, which is the first of three or four, will be completed by mid-February.
- **Policy/Ag Info:** The Project, in cooperation with Agromreza and the Ministry of Agriculture, held the final two-day seminar in the series "Market Analysis, Utilization of Information from STIPS, and the Basics of Marketing". The seminar, for farmers in the Belgrade municipality, trained farmers on agricultural markets in the region and Serbia, based on information available in STIPS. As this is the last in this seminar series, Agromreza will submit a final report on the project, which will be presented to the STIPS working group for evaluation, and for developing future activities to improve the STIPS system.
- **Berry Fruit/Producer Organizations:** The Project's regional office in Cacak hosted the first meeting of the Managing Board of the new National Association Serbian Blueberry (NASB). Assisted by the Berry Sector Lead and the Producer Organization Specialist, the NASB members completed the foundation documentation which will be submitted for registration by the end of January. In addition, the NASB's mission, vision, and the elements of an action plan were discussed, and a draft Action Plan was prepared. The association's main activities in next six months will be focused on research on health benefits of blueberries, a nutrition promotional campaign, and preparations for 2010 harvesting.
- **Herbs/Producer Organizations:** The Sector Lead and the Producer Organization Specialist assisted members of the new association "Serbian Flora" to complete all the documents needed for registration with the Serbian Business Registers Agency. Also, they advised the association to apply for the grants program on international standards. Member companies that process herbs will partner with their raw material suppliers and commit to obtaining organic certification within a one year period. The Herbs & Mushroom Sector Lead will organize a meeting of members in early February to assist them with the development of an Action Plan, and to help them apply for the grants program for organic certification.
- **Tree Fruit:** The Tree Fruit Sector Lead met the Manager of the Fortis company, from Bojnik, which expressed an interest in applying for assistance under the Project's International Standards grant program. This company owns a cold store situated in the Jablanicki district in South Serbia, and is involved in the production of frozen tree fruit (sour cherry, plums), and berry fruit. During the meeting the manager was also informed about other activities the Project has under way to assist the Tree Fruit sector. The Tree Fruit Sector Lead also contacted the Manager of the Zuc cold store from Kursunlija, who was interested in certifying the company's suppliers for organic production.

## **USAID Serbia Agribusiness Project – Weekly Report**

Week of January 25, 2010

COTR: Djordje Boljanovic

**GRANTS/COMMUNICATIONS:** The Agribusiness Project participated at the opening ceremony for the Rural Development & Women in Agribusiness Fair in Kragujevac, which was organized by AGROPRESS. USAID's Senior Adviser Arthur Flanagan spoke at the Opening Ceremony, as well as the Deputy Head of Delegation for the EU, the Assistant Minister of Agriculture, the Deputy Mayor of Kragujevac, and other invited dignitaries. The event received extensive media coverage from both local and national media. Mr. Flanagan gave interviews to two local TV Stations, as well as to national stations RTS and TV Pink. The USAID Agribusiness Project Chief of Party, Lou Faoro, along with the Minister of Education, participated in a conference on education and agriculture, organized at the Fair. The picture shows Art Flanagan with other dignitaries at the opening ceremony. Art's opening remarks can be seen at: <http://www.emportal.rs/vesti/srbija/112007.html>



Mr. Flanagan gave interviews to two local TV Stations, as well as to national stations RTS and TV Pink. The USAID Agribusiness Project Chief of Party, Lou Faoro, along with the Minister of Education, participated in a conference on education and agriculture, organized at the Fair. The picture shows Art Flanagan with other dignitaries at the opening ceremony. Art's opening remarks can be seen at: <http://www.emportal.rs/vesti/srbija/112007.html>

### **Other Project Activities:**

- **Dairy:** Following USAID approval, an STTA to prepare an application for Protection of Geographic Designation (PGD) of Pirot Cheese (Kackavalj) got underway this past week. The STTA will run from January to June, and will be complete by the end of June. During the assignment the STTA will prepare all the necessary research, analysis, and documentation needed for the official application.
- **Marketing & Sales:** Marketing & Sales conducted a seminar for clients scheduled to participate in the FruitLogistica and BioFach trade fairs, and presented research on World Fruit and Vegetable Markets. This event was held at Zira Hotel, and 22 companies attended. Following the seminar, the presentation was downloaded 34 times from the Project web site, in the first two days after the training took place.
- **ABDS/Marketing & Sales:** The Agribusiness Project Chief of Party, Senior Policy Advisor, and ABDS Specialist met with Assistant Minister Milos Milovanovic to present plans for the food trade show "Pijaca in Belgrade". The Ministry welcomed the idea of a new food show, and offered modalities of support. These include domestic and international promotion of the fair, and technical and professional assistance for lectures during the show, among others. The Project, together with other stakeholders, and an international STTA, will make final decisions pertaining to the show during February 2010.
- **Policy/Communications:** The Senior Policy Advisor, and the Communications Manager, met with Goran Djakovic from the Association of Agricultural Journalists discuss and agree upon plans for the joint organization of a Food Safety Conference. The objective of the Food Safety Conference is to inform and engage all relevant stakeholders in a constructive discussion regarding the importance of food safety, while facilitating efficient functioning of the food trade. The conference is planned for early March, depending on the availability of high-ranking officials from the Ministry of Agriculture.
- **Producer Organizations:** The Project provided consulting services to the managing board of "Serbia Organica", the National Organic Association regarding the Law on Associations, and opportunities the Law gives them at the national level. The workshop took place at "Foodland", one of the association's key members. As a next step, the service provider will work with the management of "Serbia Organica" to finalize their statutes and by-laws, and assist them with re-registration and other legal issues.
- **Producer Organizations/Herbs/Communications:** The Project linked the national association of herb processors "Serbian Flora" with TV "Kopernikus", and arranged for their president to appear on the Kopernikus TV program "Jutro". The interview lasted 20 minutes, and Mr. Busic explained that the main focus of "Serbian Flora" will be on lobbying and advocacy to change industry-related policies and regulations, as well as to promote member's products, and develop domestic and international markets.
- **Southern Strategy:** The Agribusiness Project has finalized a plan to expand its activities in the southern regions of Serbia. This plan will be distributed to USAID and other partners this coming week.

**USAID Serbia Agribusiness Project – Weekly Report**

Week of February 1, 2010

COTR: Djordje Boljanovic

**MARKETING & SALES:** Thirteen fresh fruit & vegetable client companies participated in the FruitLogistica trade fair in Germany this past week, with Project assistance. The companies exhibited their products as members of the trade association “Fruits of Serbia”, as can be seen in the picture of the Serbian stand at the right. Despite the ongoing financial crisis Serbian firms enjoyed success at the fair, recording \$8.0M in contracted product sales, and ongoing negotiations with customers that are valued at another \$5.9M. Buyers at the fair have reported that they are impressed with the improvement in the quality of the products offered by Serbian companies. FruitLogistica continues to be a very important trade fair for Serbian companies, as it is one place where new innovations in products and packaging are on display for client firms to see and learn from.



**Other Project Activities:**

- **Livestock/Grants:** Following completion of the training program "How to increase Production of Beef and Lamb Meat", beef farmers have expressed a need for further education in cattle fattening. Based on this, Agrar Kontakt submitted an unsolicited proposal for a training program titled: *Beef Quality Assurance and Farm Management*. The USAID Agribusiness Project has submitted the grant application to the COTR for review and approval. The goal is to increase the production, and quality, of beef through technical assistance services provided in: Pozarevac, Nis, Kraljevo, Krusevac, and Vranje.
- **Tree Fruit:** As part of his upcoming STTA assignment in Serbia, Professor Chris Watkins from Cornell University will conduct a lecture at the Agricultural Faculty of Novi Sad for students, faculty, and staff interested in the latest information on Post-Harvest & ULO storage technology. This lecture will take place on February 26<sup>th</sup>, following field work and the technical seminars he is presenting for the Project.
- **Youth Program/Grants:** USAID has provided concurrence for a grant application submitted by Junior Achievement Serbia. With this award, Junior Achievement Serbia will integrate an additional 25 agricultural schools (with 500 students) into a comprehensive extra-curriculum educational program. This program will cover topics such as: Creation of a company, Management and operations, Applied economics, and it will use a computer simulation called “Titan” that allows "companies" formed by students to compete against one another as they virtually manufacture & market the same products. The Junior Achievement program will add value to the existing youth program implemented by the Agribusiness Project, and will lead up to the third round of the Youth Business Plan Competition.
- **Policy & Ag Info:** The Agribusiness Project Senior Policy Advisor is now organizing the upcoming National Food Safety Conference, in cooperation with Agropress, which is planned for March 11<sup>th</sup>. It is expected that the Minister of Agriculture, Mr. Sasa Dragin, will take part in this conference, and the Ministry is providing support for the event. The objective of the conference is to inform and engage all relevant stakeholders in a constructive discussion regarding the importance of food safety.
- **Berry Fruit:** On February 3<sup>rd</sup> and 4<sup>th</sup> the Project organized field visits to client firms for Djordje Boljanovic and Arthur Flanagan from the USAID Mission. Four Agribusiness Project clients were visited: Mondi Serbia (frozen & organic fruit), Baljevac Fruit Growers Association (fresh blueberries), Sicoberry (frozen fruit), and Foodex (fruit & vegetable preserves). Project and USAID staff met with representatives of the agricultural department and the LED office in Raska Municipality. The field visits provided a good overview on the range of clients, and the various types of assistance being provided.
- **Southern Strategy:** The Agribusiness Project has distributed its final Southern Strategy Action Plan to the USAID Mission, and the USAID field offices. The Project currently has nearly 300 client firms throughout the country, with more than 70 of these firms being located in what the Project has defined as the “southern region”. The plan outlines specific activities and events that will be implemented over the course of the coming year to expand the impact of the Agribusiness Project in the south.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of February 8, 2010

COTR: Djordje Boljanovic

**GENDER:** Representatives from the Agribusiness Project participated in the 2<sup>nd</sup> Conference of Women Entrepreneurs organized by the Women Entrepreneurs Council, and the Regional Chamber of Commerce of Valjevo, in Banja Vrujci this past week. More than 200 women entrepreneurs were present for the Agribusiness Project presentation, which provided them with information on the Project, and specifically on support provided to women agribusiness entrepreneurs. During the event, the Project organized separate meetings with several women's associations, as well as with representatives of Regional Chambers of Commerce from Valjevo, Krusevac, Zrenjanin, Leskovac, and Novi Sad. The information obtained will further focus Project activities supporting women in agribusiness. The picture at the right shows Project CoP Lou Faoro, and the Operations Director (Goran Radojevic) during the presentation.



### **Other Project Activities:**

- **Dairy:** The Agribusiness Project, with support from the MEGA Project, organized and presented a seminar on the potential for dairy development in rural areas, and the role of Municipalities in dairy development. The Project presented a review of the current situation in the dairy sector, while ABDS providers presented results from the Model Dairy Campaign (Taurus), and the Roles of Local Stakeholders in Dairy Sector Development (Maxi Farma). The Chief of the Livestock Department from the Ministry of Agriculture presented the GOS support scheme for dairy for 2010. A total of 50 municipal, LED office, and rural network representatives from Central Serbia participated in the event.
- **Vegetables:** The third and final Farm Management Seminar took place from February 8<sup>th</sup> to the 11<sup>th</sup> in Kovacica. Participants learned to prepare a number of financial documents for their farms (balance sheet, income statement, etc), as well as how to prepare a business plan. Participants worked with vegetable producers from Idvor, who provided real world data for their practice exercises. After their analysis the participants were able to recommend changes that would improve production, cut costs, and make the operations more efficient. The final presentations, where participants presented their "out of the box" ideas, demonstrated the practical results of seminar. The Project Chief of Party, and Art Flanagan from the USAID Mission, presented completion certificates to all the participants.
- **Producer Organizations/Communications:** The Project linked the national association "Fruits of Serbia" with the television station "Kopernikus", and arranged for their president to appear on the Kopernikus TV program "Jutro". The interview lasted for 20 minutes, and the main focus was on the recent exhibition by thirteen Serbian companies, as members of the "Fruits of Serbia" Association, at the FruitLogistica trade fair in Berlin. This participation was made possible with Agribusiness Project support for Fruits of Serbia. Mr. Vukicevic presented the preliminary results from the fair, explaining that Serbian companies contracted about \$8M worth of sales, with additional sales under negotiation.
- **Southern Strategy:** The Deputy Chief of Party, along with the Berry Fruit and Tree Fruit Sector Leads, spent two days in Nis and Leskovac this past week meeting with potential partners and client firms. The Project staff met with Vulic & Vulic (processors of tree & berry fruit for the EU market), and Porecje Vucje (a large state-owned fruit processing company). The best opportunity for collaboration appears to be training for their private farmer suppliers on SPU measures. A meeting was held with the Leskovac LEDO, and there appears to be scope for collaboration, particularly on high-tunnel berry production.
- **Environment/Policy:** The Project Chief of Party, Environmental Specialist, and Senior Policy Advisor met with the Director of the Plant Protection Administration and his associate to discuss cooperation between the Ministry of Agriculture and the Project on SPU activities for 2010. Both parties recognize that SPU is an extremely important activity that will require significant resources. It was agreed that the Project and the MWAFM will jointly establish a program of basic training for 1,200 farmers, and advanced training for the 475 farmers who completed the basic SPU training in 2009.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of February 15, 2010

COTR: Djordje Boljanovic

**MARKETING & SALES:** The Agribusiness Project supported the exhibit by the Serbia Organica Association at the 2010 Biofach Fair, which took place from February 17<sup>th</sup> to 20<sup>th</sup>. A total of seven Serbian companies, with organic products appropriate for the international market, participated at the fair. The organic market is in decline due to the financial crisis, and it clearly was evident by the number of exhibitors and visitors at this year's fair. There were 200 fewer exhibitors than last year, and 12,000m<sup>2</sup> less exhibit space. Many Serbian company clients from previous years were not at the fair this year because of the reduced size. Despite this, the Serbian companies were satisfied with the number of contacts they made, and the actual and potential sales recorded. During the fair one company signed a contract for the supply of \$75,000 worth of product, and the rest of the companies were negotiating an additional \$2.6M in sales.



### **Other Project Activities:**

- **Dairy:** Upon completion of the “Potential for Dairy Development in Rural Areas” seminar in Kragujevac dairy companies in Petrovac, Mlavi, and Mladenovac have requested meetings with the Agribusiness Project develop a joint strategy. The Dairy Sector Lead visited the dairies and discussed options for Project support. Final proposals for new dairy activities will be developed upon completion of the three dairy development seminars (Kragujevac, Pirot and Novi Sad).
- **Berries/Tree Fruit:** Project staff met with representatives from the Ministry of Foreign Affairs of Denmark to discuss the proposed Danish project for Private Sector Development in the fruit and berry sectors in Southern Serbia. This meeting was a continuation of previous discussions and cooperation regarding potential collaboration between the Agribusiness Project and the new Danish project, which will start in mid-2010. Project staff provided comments to the Danish delegation regarding the project concept paper, and suggested areas for collaboration between the projects.
- **Producer Organizations:** The commission of representatives from the Ministry of Agriculture, and the Agribusiness Project has selected the cooperatives that will take part in the Capacity Building Training Program for Cooperative Managers. A total of 47 applications were received, out of which 28 cooperatives, from 14 Serbian districts, fulfilled the criteria for participation (six from the South, and 3 from Eastern Serbia). The selected cooperatives are mostly commodity based, and twenty are active in the Project sub-sectors (5 tree fruit, 5 dairy, 5 livestock, 4 berry fruit, and 2 vegetable cooperatives).
- **Livestock/Grants:** Agribusiness Project COTR has provided technical concurrence for the Agrar Kontakt training and advisory program “*Beef Quality Assurance and Farm Management*”. The main goal of this program will be to increase the production and quality of Serbian beef through technical assistance and advisory services for livestock farmers (cattle farmers), which will be provided in through five regional centers: Pozarevac, Nis, Kraljevo, Krusevac, and Vranje. Agrar Kontakt will be provided with Project grant funds totaling \$59,878 to implement this program, which will provide training to a large number of farmers, food processors, producer organizations, and ABDS providers in these regions.
- **Tree Fruit:** Professor Chris Watkins, from Cornell University, conducted a lecture on apple postharvest technologies and Controlled Atmosphere (CA) storage technology for students of the Novi Sad Faculty of Agriculture. More than 30 students, and five faculty members, had an opportunity to get acquainted with new storage technologies applied in the USA, and possible future developments.
- **Special Events:** Project staff joined the Deputy Chief of Party to celebrate the 25<sup>th</sup> birthday for his BMW K100RS motorcycle. A special cake was ordered for the event (see picture at right) and a good time was had by all. Hopefully the bike will enjoy many more birthdays, either here in Serbia or where ever it ends up in the future.





**USAID Serbia Agribusiness Project – Weekly Report**

Week of February 22, 2010

COTR: Djordje Boljanovic

**SOUTHERN INITIATIVE:** This past week the Agribusiness Project hosted Jim Stein and Djordje Boljanovic on a tour of client firms in the southern region of Serbia. Five client companies were visited (Marni, Jeligor, FungoJug, Nis Dairy, and Lazar Dairy) and the group also met with the organizer of the upcoming Nis Tea Festival. This field trip has provided Jim & Djordje with a good orientation on Project assistance to these firms, and to the issues that are of concern for the mushroom, herb, berry, and dairy industries in Serbia. An interesting aspect of the tour was the visit to Lazar Dairy, which is very interested in adopting the GHD bio-digester technology. Their interest is so high that the owner and manager is ready to make a trip to the US to visit some digester installations, and to learn more about the technology. At this point the Agribusiness Project has provided GHD with the data they need to prepare a feasibility study for the Lazar Dairy digester, and the study should be ready during the first half of month of March. The photo at right shows Jim with Zoran Nikolic, the owner of Marni.



**Other Project Activities:**

- **Communications:** The AgBiz Project, the Ministry of Agriculture, “Fruits of Serbia”, “Serbia Organica”, SIEPA, and GTZ organized a press conference on Friday to present the results of Serbian agribusiness company participation at the FruitLogistica and BioFach trade fairs in Germany in February. USAID Mission Director Michael Harvey was joined at the event by the Assistant Minister of Agriculture, the Director of GTZ in Serbia, and representatives of the two industry associations. The speakers reported that Serbian companies have contracted for sales of \$8M worth of food products, and they are still negotiating an additional \$8.6M of potential sales. A number of the companies that participated at the trade fairs displayed their products at the press conference, including ajvars, jams, juices and other fruit & vegetable products. The picture at the right shows Mission Director Michael Harvey speaking at the press conference.
- **Tree Fruit:** Professor Chris Watkins, from Cornell University, continued his assignment in Serbia, providing assistance to apple producers and cold stores on postharvest technologies and Controlled Atmosphere (CA) storage technology. On Thursday Chris met with the Cacanska Jabuca cooperative which is preparing to install a ULO cold store, and he advised the manager and some of the members on activities and practices that influence fruit quality through the storage process. On Friday Chris also presented a more extensive technical seminar for cooperatives, producer organizations, and ABDS providers who gathered in Novi Sad to attend this presentation.
- **Dairy:** The Agribusiness Project continued presentations of the Model Dairy Campaign results to LED offices and local government institutions last Friday in the south. The seminar took place in Pirot, and 20 participants from the Pirot area attended the event. In addition to the seminar, the Dairy Sector Lead and Mr. Radivoj Cosic, from Taurus AC, met with the mayor of Pirot to discuss potential cooperative activities to support the dairy and livestock sectors in the region. The mayor, and other municipal officials in Pirot, view dairy as one of the most important sectors for the development of the rural areas of the district. The USAID Field Office from Nis was also represented by Danijel Dasic.
- **Berries:** Project staff met with Mr. Trnavcevic, Director of B92’s agricultural program “Znanje na Poklon”, to review modalities for their coverage of the upcoming High-Tunnel Berry Fruit Production program. The B92 crew will take part in the four program activities planned, and will produce and broadcast (free-of-charge) short videos on each of them once a month. The Project will cover the cost of logistics for the TV crew, including transportation and accommodation costs, where necessary. The series will be entitled “*TV School for Tunnel Production of Berry Fruit*”, and will commence in late March. This collaboration will significantly increase the awareness and knowledge of fresh berry fruit market opportunities for thousands of producers in Serbia, and will expand USAID’s media coverage.





**USAID Serbia Agribusiness Project – Weekly Report**

Week of March 1<sup>st</sup>, 2010

COTR: Djordje Boljanovic

**Policy/Grants:** The grant application process for introduction of international food safety and quality standards has been completed and a total of 101 grant applications have been received. Upon preliminary review, the Project's evaluation committee recommended 30 grant applications, in the total amount of \$155,803.58, for further consideration and approval. Thanks to the grant funds for introduction of the international food safety and quality standards, these grant applicants projected an increase of US\$ 6.2 million in their sales, as well as additional 184 jobs in their production and processing facilities. The remaining 71 grant applications will require additional clarifications to be accepted for further consideration and approval.



**Other Project Activities:**

- **Marketing and Sales/Policy:** M&S and Policy staff participated in task force meeting on Standards held at the SECO office. SECO and the Serbian Ministry of Agriculture have signed an MOU on assistance with Standards implementation in Serbia. Discussion revolved around the issue of agribusinesses in Serbia implementing a new standard to be called SerbiaGAP.
- **Marketing and Sales/ABDS:** M&S and ABDS staff with BelExpo representative met with the City of Belgrade Assistant Mayor to seek support for the "Pijaca" Food Trade Show in Belgrade. The Assistant Mayor promised funding for a part of the fair costs and active involvement in promotional and logistical arrangements for visitors.
- **PO/Tree Fruit:** With assistance from the PO specialist, work has been completed on the re-registration and restructuring of "Serbia Organica" Association based on the new Law on Associations. Also, an itinerary was made for a visit by Ms. Nathalie Gocha representative of the U.S. Agro Fresh Company to Serbia March 8-11, to estimate possibilities for introduction of their Smart Fresh System, new post-harvest technology for maintaining quality of fruits and vegetables in storage.
- **Berry Fruit:** Mr. Mihailo Nikolic, our Local Consultant, completed preparation of the High-tunnel raspberries and blackberries manual. The Project will fund printing of 500 copies that will be used as a training tool and distributed to interested producers to enable Serbian berry industry take advantage of opportunities at the domestic and foreign fresh berry fruit markets through applying new technologies, extending season and improving its overall organization and performance.
- **Herbs/PO:** With support from the Project staff, the National Association of Herbs Processors and Exporters "Serbian Flora" held an assembly meeting to discuss various operational issues. The Serbian Chamber of Commerce will support the new Association by providing office space free of charge. The Project facilitated signing a Memorandum of Understanding between the Chamber and the Association to formalize their relationship.

**USAID Serbia Agribusiness Project – Weekly Report**

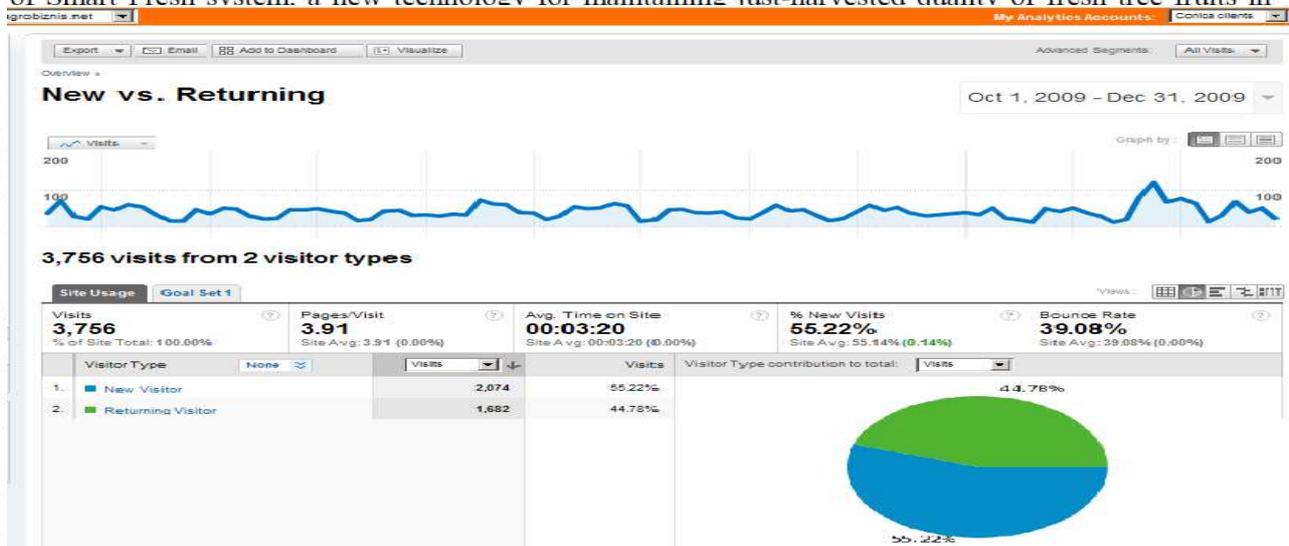
Week of March 8<sup>th</sup>, 2010  
COTR: Djordje Boljanovic

**Herbs:** Mr. Michael Harvey, USAID Mission Director, opened the 7<sup>th</sup> Tea Festival in Nis on March 10, 2010 together with Mr. Nenad Stavretovic, Director of Environmental Protection Agency of Serbia and Mr. Miomir Magdevski, the organizer. More than 20 companies from Serbia, Macedonia, Bosnia and Herzegovina and Slovenia exhibited hundreds of different herbal products. During the Festival (March 10-14, 2010), several workshops were held such as “Legal and policy issues” presented by Serbian EPA, “MAP Growing techniques” conducted by Nis Agricultural Department. In addition, the Annual Assembly Session of National Association of MAP collectors and processors "Dr Jovan Tucakov" was held and a workshop on “Medicinal herbs and honey”. \$130,000 of sales was contracted at the festival. The leading Serbian buyer of medicinal and aromatic plants, “Macval Company” visited the Festival and contracted raw materials from several exhibitors in the total value of \$50,000. Bosnian company “ABC Mahic” made an agreement with “Adonis Company” to distribute their products in Bosnia. The value of this export deal is estimated at \$30,000.



**Other Project Activities:**

- **Marketing and Sales/Berry Fruit:** M&S provided the Serbia Blueberry Association a presentation on the global situation in blueberry - *Serbia's Opportunities and Constraints and Marketing Plan for Achieving Greater Profitability for 2010 and Forward*. 14 people participated in the training from the Serbian Blueberry Association, SIEPA, GTZ and SEDEV. Farmer&Spaic provided a consumer analysis on the demands for blueberries in the Serbian Market.
- **Marketing and Sales:** M&S organized the first meeting for companies interested in participating in 2010 *Fancy Food Fair*. To date Igda Impex (mushrooms), Peta Gama (confections), Sirogojno (dried fruit), Frigo Grand (retail pack frozen fruits), Adore Chocolates, Mlekara Sabac (Feta Cheese), Biotrend Donato (ajvar, vegetable products), CoolFood (frozen fruits and vegetables) and Marni Mushroom have expressed interest in participating.
- **Producer Organizations/ Tree Fruit:** Representative of US company Agrofresh, inventor and marketer of Smart Fresh system, a new technology for maintaining just-harvested quality of fresh tree fruits in



necessary information for his market analysis. His study will give data about the opportunities in the Russian, Belarus and Ukraine markets.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of March 15<sup>th</sup>, 2010  
COTR: Djordje Boljanovic

**POLICY/COMMUNICATIONS:** The AgBiz Project, in collaboration with AgroPress, organized a Food Safety Conference on March 17<sup>th</sup> at the Hotel Continental in Belgrade. The objective of the conference was to engage relevant stakeholders in a constructive discussion regarding the importance of food safety, and the impact of new regulations and trade guidelines on food safety measures that will be required of food processors. The conference also contributed to ensuring a high level of protection for consumers in Serbia, and insuring that Serbian products meet the standards for export markets. Deputy Mission Director Marilynn Schmidt joined the Minister of Agriculture, the Dutch Ambassador, and the President of the Serbian Chamber of Commerce, to address the audience. The event was very well attended with more than 200 representatives from producers, processors, traders, NGOs, and the government, as well as the media, being present. Reports on the Conference were broadcast, and/or printed, in national and local media. The picture shows the Deputy Mission Director addressing participants at this event.



### **Other Project Activities:**

- **Tree Fruit:** The Tree Fruit Sector Lead attended the congress of fruit growers "Dani Vocara" organised by the department for fruit growing at Novi Sad University. The main issue presented and discussed was the Memorandum between Serbia and the Russian Federation on pesticide MRLs, as well as a set of instructions recently issued by the MAFWM regulating quality control for exports to Russia. In order to address this issue, and provide necessary information to tree fruit producers in Serbia, the Ministry has formed an experts' group which will develop and implement a series of training events, as well as create a manual presenting new regulations and suggesting applications necessary to respect these regulations.
- **Berries:** As a follow up to presentations held in Serbia last December, and in order to facilitate further application of new technologies for extending product shelf-life, the Project has organized a series of visits to clients for a representative of BioFresh from the UK. Between March 29<sup>th</sup> and 31<sup>st</sup>, Mr. Salone from Biofresh will visit six companies specializing in fruit & vegetable production and logistic services, to negotiate trial applications of BioFresh ozone generators for the 2010 production and harvest season.
- **Herbs & Mushrooms:** Project Grant No. IC-FY-2-7 (*Development of Retail Packaging for the EU Market*), was successfully completed on March 15<sup>th</sup>. The AgBiz Project reimbursed Strela a total of \$17,950 under the terms of this grant, as a compliment to their investment of \$41,059. Strela has reported sales of \$200,000 as a result of this Project assistance, with \$110,000 of this being exports to the EU. In addition, two new full time jobs have been created so far at Strela. An example of the new packaging can be seen in the picture at right.
- **Grant Program:** On March 18<sup>th</sup> the AgBiz Project received concurrence from the Regional Contracting Officer for the web design procurements for the marketing & packaging grants. This will now enable these grantees to complete full implementation of their grant programs. Among the grantees are: Niska Mlekara (Robi milk campaign), Vocko Coop (labeling & marketing material), Foodex (new company logo and related packaging materials), Melisa Farm (new visual identity for international markets), and Macval Tea (new packaging and an umbrella brand name for their teas).
- **Livestock:** On the 17<sup>th</sup> and 18<sup>th</sup> of March, Agrar Kontakt organized the first of a series of two day training seminars on Beef Quality Assurance in a small town near Nis. The seminar combined both formal classroom training, with field activities, as well as lectures for Agricultural School students. Participation on day one was much greater than anticipated, with a total of nearly 50 farmers attending. On day two, more than 65 students attended the program. Under the terms of a grant to Agrar Kontakt they will be organizing four similar seminars in Southern Serbian cities. The Project will be closely monitoring these events to assess the impact of the training on the farmers and businesses involved.





**USAID Serbia Agribusiness Project – Weekly Report**

Week of March 22<sup>nd</sup>, 2010  
COTR: Djordje Boljanovic

**BERRIES/COLLABORATION:** On March 24<sup>TH</sup> the project hosted a delegation from the USAID-funded KPEP Project (Kosovo Private Enterprise Program) to provide them with information regarding the Agribusiness Project's assistance to blueberry production in Serbia, and to learn of its potential for replication in Kosovo. The KPEP delegation met with Fruit Research Institute and Ag Innovation Center blueberry advisors, and visited two blueberry and raspberry growers/NASB members in the Arilje area. During the field visits, and meetings organized by the Project, the KPEP staff learned about Serbia's experience in developing blueberry production, and the marketing of blueberries, and they established contacts with experts and advisors available for assistance from Serbia. Representatives of the two projects agreed to regularly share information and support market access/establishment of business cooperation between their clients. The picture shows the KPEP delegation meeting with a blueberry farmer.



**Other Project Activities:**

- **Producer Organizations:** The new national association of organic producers - Serbia Organica - has now been officially registered, based on the new law on associations, with the Serbian Business Registrars Agency – SBRA. The Agribusiness Project assisted “Serbia Organica” to help them prepare their statutes and by-laws, based on the new law, and assisted them with the re-registration process. As a result, the SBRA this past week approved the registration, and issued “Serbia Organica” with their registration documents. The association can now include for-profit business entities (companies and cooperatives) as members, to give it credibility as the representative of the organic industry in Serbia.
- **Dairy/Environment:** The USAID Agribusiness Project Sector Lead, and STTA Danijela Ilic, met this past week with dairy and livestock clients (a dairy farm in Jabuka, and Neoplanta in Novi Sad) to discuss the development of feasibility studies for GHD bio-gas digesters. Both clients showed serious interest in their feasibility study, and they are ready to provide whatever documentation is needed for the activity, along with paying for relevant laboratory tests of the their waste streams. The Project STTA will continue working with these clients over the next few weeks to further develop the relevant studies.
- **Herbs & Mushrooms/Marketing & Sales:** Agribusiness Project client, Igda mushroom company, has reported that their products are now available in all Hannaford supermarkets in the US states of Maine and New Hampshire. Hannaford is now the third US supermarket chain that offers products from Igda, in addition to Igda having their products being available on Amazon.com. This new export business was developed through their Project supported participation in the 2009 Fancy Food Show.
- **Tree Fruit/Grants:** Desing received a final reimbursement of \$11,500 under the terms of their grant agreement: *Introducing New Packaging Technologies for Highly Processed, Fruit-based Products*. Thanks to the Agribusiness Project grant, Desing has reported export growth in 2009, and the first quarter of 2010, totaling \$108,180. In addition, Desing has added two new employees in their processing facility. The new packaging technology introduced by Desing will enable further growth in the market place, and solidify their position as the leading producer of high-end fruit-based products.
- **Marketing & Sales:** Agribusiness Project Marketing & Sales staff provided training for 28 Serbian Economic Attachés from the Ministry of Economy who will be leaving soon for their new overseas posts. The training consisted of a short overview of Agribusiness Project activities, broken down by sector and cross-cutting element, and ways of possible cooperation and collaboration (B2B linkages, trade fairs, buyer missions, etc), and a short overview of market research tools (ITC trade map).

**USAID Serbia Agribusiness Project – Weekly Report**

Week of March 29<sup>th</sup>, 2010  
COTR: Djordje Boljanovic

**HAIL DAMAGE POTENTIAL:** On March 31<sup>st</sup> Project staff experienced first hand how hail storms can have a significant impact on the tree and berry fruit crops of Serbia. While traveling through Cicevac we ran into a severe hail storm which dropped 2” to 3” of hail. As can be seen in the picture the build-up of hail on the ground was substantial, and a storm of this magnitude would cause significant damage to any the crops in the area. In response the Agribusiness Project has begun preparations for the completion of a study on measures to protect crops against such damage, and it is expected that the study will be completed in the next quarter.



A Scope of Work has been developed and the search is underway for consultants who have the appropriate skills and background for such a study. The study will provide Project clients with concrete recommendations regarding measures that can be taken to protect their crops from weather related damage, with information on the costs and the potential pay-back for such systems.

**Other Project Activities:**

- **Producer Organizations/Tree Fruit:** The Producer Organization specialist facilitated a meeting of the Fruitland Association managing board at the Project office in Belgrade. Managers of five tree fruit cooperatives, all members of Fruitland, gathered to discuss potential joint activities that can be supported through the Project grant program for associations. They also agreed to explore an investment in a joint venture tree fruit processing plant. Representatives from Intesa Bank attended the meeting and provided advice regarding financing, loans, and how to invest beyond their present collateral in ULO cold stores.
- **Environment:** An introductory meeting was held between representatives of the Union of Farmers from Branicevski & Podunavski Districts, and the Agribusiness Project, regarding involvement of the newly formed farmer's union with the Pesticide Safety & Environmental Education/Certification program. An agreement was reached on the selection of farmers for training, by the Union itself, based on criteria set by the PSEE Program. The farmers will submit information to the Project and selected farmers will be included in the PSEE trainings to be organized by the Project under the supervision of the MAFWM.
- **Marketing & Sales:** Marketing & Sales staff met with potential UK investors looking into greenhouse production in Serbia. These investors complained about the lack of available data on greenhouse production in Serbia, based on the differing results reported from existing greenhouse operators. The investors could invest between 5 and 10 million Euros in Serbia. The Marketing & Sales team will look into bringing in an STTA to complete a market feasibility study for greenhouse production in Serbia.
- **Grants:** The Project's grant evaluation committee completed a review of all grant applications for the international food safety and quality standards program and recommended 75 grant applications, with total grant funding of \$362,534, for further consideration and final approval. This number also includes 14 grant applications for the introduction of organic standards. Further review of the applications for organic standards is on hold until MAFWM publishes the list of organic certification providers.
- **Berries:** As a continuation of assistance to clients to access new technologies and establish partnerships with foreign partners, the project organized client visits for a representative of BioFresh. This is a follow up to BioFresh ozone generator presentations that were held in December 2009. Mr. Salone, visited six clients and a logistics service provider where he presented the methods of application and the benefits from using ozone generators during storing and/or transportation of fresh produce, and he began negotiations for cooperation. As a result, trial applications and testing of the technology during the 2010 production and harvest season was agreed with three clients, while potential purchases of ozone generators and smart pallets will be negotiated with two clients over the next two months.